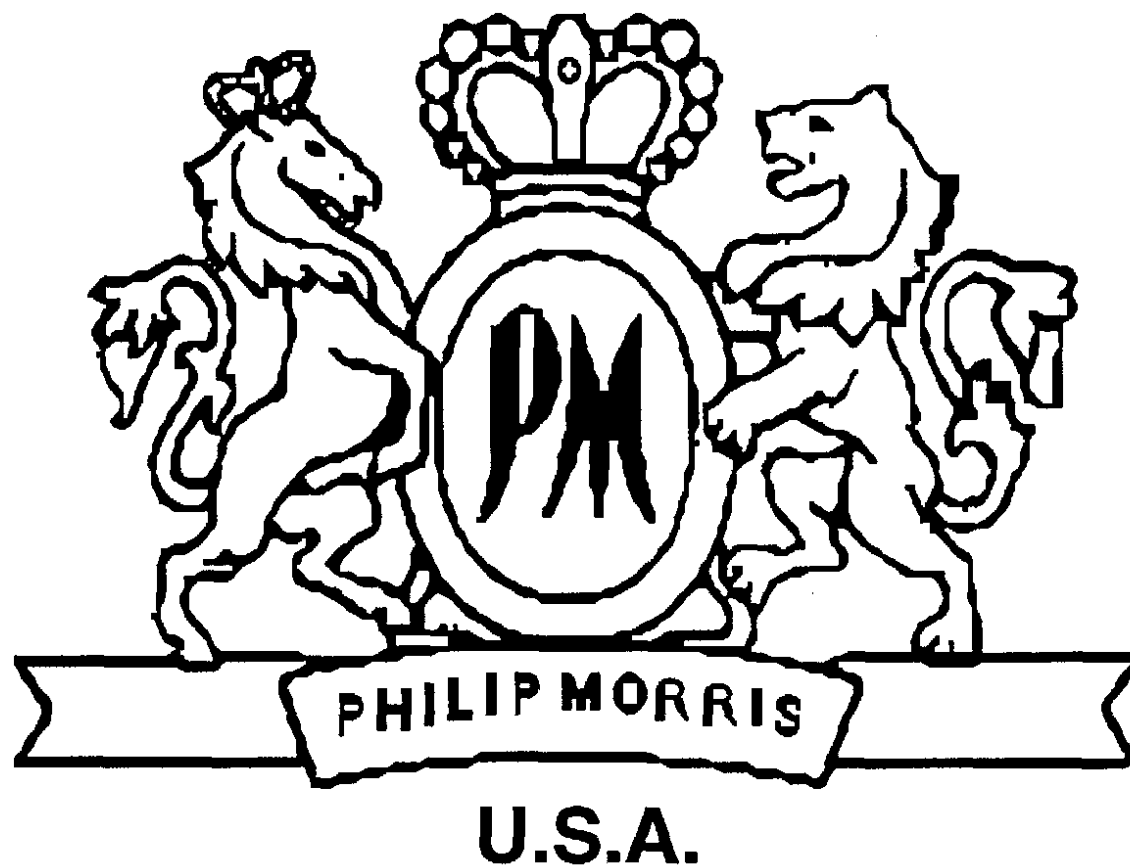


CONFIDENTIAL



WEEKLY PERFORMANCE SUMMARY

June 6, 1994

Marketing Information & Analysis

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WEEKLY UPDATE IMPLICATIONS June 6, 1994

- Most performance benchmarks remain favorable.
 - Basic's share of Discount (shipments, C-stores) and \$ pack price gaps in C-stores are unfavorable.

Shipments

- Weekly industry shipments were depressed due to Memorial Day shortened week (4 days).
 - Two-week average shipments for PM and competitors approximated current weekly rates.
 - RJR was below expected levels.
- PM-USA QTD shipments are 9.0 billion above forecast mainly due to above average McLane shipments, absence of First Quarter trade program, Marlboro 5 for 4s and a stronger going rate.

Retail

- PM and Marlboro are at record share levels coinciding with Country Store 5 for 4 sell through.
- Discount category is holding at 32-33% since 4th Quarter 1993. More recent weekly declines correspond with RJR PL losses and increased Marlboro promotional activity.

Pricing

- The pricing environment remains stable YTD.
- <99¢ pricing incidence this week (15%) is comparable to YTD levels (14%).
- Aggressive pricing by American and GPC has widened Basic's disadvantage in C-stores.

Michigan State Excise Tax

- No significant share, mix or volume variations. Industry and PM volume off -7%, Marlboro performance off -4% and Basic down -9% net of pantry loading.

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SHIPMENTS

2023655814

PM-USA
SECOND QUARTER PERFORMANCE
W/E 6/3/94

- Performance benchmarks remain favorable except Basic's share of Discount.
- PM-USA's volume for the week was 3.6 billion units. Adjusted for 5 FOR 4s (280 million) and LIFO orders, PM's two week average volume is at going rate (4.1 billion units).
- PM-USA's two week average share was 45.7%, above YTD and latest 13 weeks.
- PM-USA's major competitors' two week average shipments were at or close to current weekly shipment rates.
 - RJR remains below expected levels.
- On a 13wm basis, PM-USA's share of 45.2% remains above second quarter target.
- PM-USA is 9.0 billion units above QTD forecast.
 - Lack of 1st Quarter trade program payback (+4.0 billion).
 - McLane above average shipments (2.0 billion).
 - All other direct account excess purchases including LIFO orders (0.7 billion)
 - Stronger going rate (1.0 billion).
 - Marlboro Country Store 5 for 4 shipments (1.5 billion).
 - Michigan accounts (-0.2 billion).

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BENCHMARKS - TOTAL US
SHIPMENTS 13 WEEK MOVING

	<u>Benchmarks</u>	<u>13 Weeks Ending 3-Jun</u>	<u>Current vs. Benchmark</u>
Philip Morris	42.0	45.2	3.2 Favorable
Marlboro	24.9	28.4	3.5 Favorable
OPB	7.8	8.0	0.2 Favorable
Virginia Slims	2.2	2.4	0.2 Favorable
Benson & Hedges	2.5	2.4	0.1 Unfavorable
Merit	2.3	2.4	0.1 Favorable
Parliament	0.6	0.6	0.0 Favorable
Basic-Share of Discount	14.2	14.1	0.1 Unfavorable
Private Label-Share of Market	8.5	6.7 *	1.8 Favorable
C-Store Pack Price Lowest Discount**	\$1.34	\$1.34	\$0.00 Favorable

*Reflects most current data for three months ending April 1994.

**Reflects a change in pricing data source from Market Decisions to Nielsen.

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6/6/94

SHIPMENTS
(To All Direct Accounts)

<u>COMPANY</u>	<u>PM</u>	<u>RJR</u>	<u>B&W</u>	<u>American</u>	<u>Lorillard</u>	<u>Liggett</u>
13 wk Base Mar. 4,1994	44.60	27.97	10.98	6.86	7.23	2.34
June 3, 1994 (13wm)	<u>45.18</u>	<u>26.61</u>	<u>11.21</u>	<u>7.11</u>	<u>7.45</u>	<u>2.42</u>
	0.58	(1.36)	0.23	0.25	0.22	0.08
<u>CATEGORY</u>	<u>Premium</u>	<u>Discount</u>				
13 wk Base Mar. 4,1994	66.58	33.42				
June 3, 1994 (13wm)	<u>67.65</u>	<u>32.35</u>				
	1.07	(1.07)				
<u>PM MAJOR BRANDS</u>	<u>Marlboro</u>	<u>PM OPB</u>	<u>V. Slims</u>	<u>B & H</u>	<u>Merit</u>	<u>Parliament</u>
13 wk Base Mar. 4,1994	26.73	8.50	2.46	2.67	2.49	0.65
June 3, 1994 (13wm)	<u>28.37</u>	<u>8.04</u>	<u>2.37</u>	<u>2.45</u>	<u>2.37</u>	<u>0.65</u>
	1.64	(0.46)	(0.09)	(0.22)	(0.12)	0.00
<u>PM BRANDED DISCOUNTS</u>	<u>Basic</u>	<u>Cambridge</u>	<u>Bristol</u>	<u>Alpine</u>		
13 wk Base Mar. 4,1994	5.01	1.77	0.21	0.36		
June 3, 1994 (13wm)	<u>4.57</u>	<u>1.80</u>	<u>0.20</u>	<u>0.36</u>		
	(0.44)	0.03	(0.01)	0.00		
<u>PM PRIVATE LABEL</u>	<u>PM</u>					
13 wk Base Mar. 4,1994	1.95					
June 3, 1994 (13wm)	<u>1.78</u>					
	(0.17)					

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VOLUMES WERE DEPRESSED FOR MEMORIAL DAY.
TWO-WEEK AVERAGES WERE NEAR CURRENT WEEKLY SHIPMENT RATES WITH
RJR BELOW EXPECTED LEVELS.

WEEKLY VOLUME 6/3 VS 5/27						
	TWO-WEEK AVERAGE 6/3-5/27	<u>6/3/94</u>	<u>5/27/94</u>	<u>5/20/94</u>	DIFF VS. PREV. WEEK	% CHANGE
INDUSTRY	9,716	8,132	11,299	9,374	(3,167)	-28.0%
PM	4,439	3,620	5,257	4,292	(1,637)	-31.1%
RJ REYNOLDS	2,586	2,236	2,935	2,446	(699)	-23.8%
B & W	1,073	900	1,245	1,071	(345)	-27.7%
LORILLARD	715	592	837	727	(245)	-29.3%
AMERICAN	657	554	759	626	(205)	-27.0%
LIGGETT	247	229	264	210	(35)	-13.3%

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MFR CHANGES 6/3 vs 5/27

PRELIMINARY WEEKLY VOLUME AND SHARE

W/E 6/3/94

WEEK

INDUSTRY	VOLUME	DIFF		SHARE	DIFF VS 1993	FCST	VOLUME DIFF VS FCST		%CHANGE VS FCST
		VS 1993	%CHANGE VS 1993				FCST	FCST	
INDUSTRY	8,132	-780	-8.7%			9,359	-1,228		-13.1%
PHILIP MORRIS	3,620	-354	-8.9%	44.51	-0.08	3,975	-355		-8.9%
R.J. REYNOLDS	2,236	-430	-16.1%	27.50	-2.42	2,803	-567		-20.2%
B&W	900	3	0.3%	11.07	1.00	1,082	-182		-16.8%
LORILLARD	592	-4	-0.8%	7.27	0.59	690	-98		-14.3%
AMERICAN	554	-24	-4.1%	6.81	0.33	618	-64		-10.3%
LIGGETT	229	31	15.7%	2.82	0.60	191	38		19.9%

INDUSTRY	DISCOUNT			%CONT.	PREMIUM			%CONT.
	VOLUME	SHARE			VOLUME	SHARE		
INDUSTRY	2,612	32.12			5,520	67.88		
PHILIP MORRIS	684	26.20		18.9%	2,935	53.18		81.1%
R.J. REYNOLDS	854	32.68		38.2%	1,382	25.04		61.8%
B&W	554	21.21		61.6%	346	6.27		38.4%
LORILLARD	27	1.02		4.5%	565	10.24		95.5%
AMERICAN	312	11.96		56.4%	242	4.38		43.6%
LIGGETT	180	6.91		78.8%	49	0.88		21.2%

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**PRELIMINARY VOLUME AND SHARE
W/E 6/3/94**

TOTAL INDUSTRY YEAR TO DATE

INDUSTRY	VOLUME	DIFF	%CHANGE	SHARE	DIFF	FCST	VOLUME	%CHANGE
		VS 1993	VS 1993		VS 1993		DIFF VS FCST	VS FCST
INDUSTRY	204,251	21,253	11.6%			192,440	11,811	6.1%
PHILIP MORRIS	90,896	16,636	22.4%	44.50	3.92	79,573	11,321	14.2%
R.J. REYNOLDS	56,304	-3,930	-6.5%	27.57	-5.35	58,505	-2,201	-3.8%
B&W	22,781	4,053	21.6%	11.15	0.92	22,706	75	0.3%
LORILLARD	15,091	2,164	16.7%	7.39	0.32	14,651	440	3.0%
AMERICAN	14,420	2,003	16.1%	7.06	0.27	12,965	1,455	11.2%
LIGGETT	4,718	322	7.3%	2.31	-0.09	4,040	678	16.8%

DISCOUNT YEAR TO DATE

INDUSTRY	VOLUME	DIFF	%CHANGE	SHARE	DIFF
		VS 1993	VS 1993		VS 1993
INDUSTRY	66,933	-6,514	-8.9%	32.77	-7.37
PHILIP MORRIS	17,935	-4,393	-19.7%	26.80	-3.60
R.J. REYNOLDS	23,130	-5,125	-18.1%	34.56	-3.91
B&W	13,709	956	7.5%	20.48	3.12
LORILLARD	655	-71	-9.8%	0.98	-0.01
AMERICAN	7,914	1,527	23.9%	11.82	3.13
LIGGETT	3,588	589	19.7%	5.36	1.28

PREMIUM YEAR TO DATE

INDUSTRY	VOLUME	DIFF	%CHANGE	SHARE	DIFF
		VS 1993	VS 1993		VS 1993
INDUSTRY	137,318	27,768	25.3%	67.23	7.37
PHILIP MORRIS	72,961	21,029	40.5%	53.13	5.73
R.J. REYNOLDS	33,174	1,195	3.7%	24.16	-5.03
B&W	9,072	3,097	51.8%	6.61	1.15
LORILLARD	14,436	2,235	18.3%	10.51	-0.62
AMERICAN	6,506	476	7.9%	4.74	-0.77
LIGGETT	1,130	-266	-19.1%	0.82	-0.45

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13WM AVERAGE BY COMPETITOR

W/E: 6/3/94

INDUSTRY	VOLUME	DIFF % CHANGE		SHARE	DIFF VS PRIOR
		VS PRIOR	VS PRIOR		
		13 WKS	13 WKS		13 WKS
	9,463	169	1.8%		
PHILIP MORRIS	4,276	131	3.2%	45.18	0.58
R.J. REYNOLDS	2,518	-81	-3.1%	26.61	-1.36
B&W	1,061	41	4.0%	11.21	0.23
LORILLARD	705	33	4.9%	7.45	0.22
AMERICAN	672	35	5.5%	7.11	0.25
LIGGETT	229	11	5.1%	2.42	0.08

DISCOUNT

INDUSTRY	VOLUME	DIFF % CHANGE		SHARE OF CAT.	DIFF VS PRIOR
		VS PRIOR	VS PRIOR		
		13 WKS	13 WKS		13 WKS
	3,061	-45	-1.4%	32.35	-1.07
PHILIP MORRIS	830	-41	-4.7%	27.12	-0.92
R.J. REYNOLDS	1,017	-66	-6.1%	33.23	-1.66
B&W	638	25	4.2%	20.83	1.12
LORILLARD	31	3	12.5%	1.00	0.12
AMERICAN	372	30	8.9%	12.17	1.15
LIGGETT	173	3	1.9%	5.64	0.18

PREMIUM

	VOLUME	DIFF % CHANGE		SHARE OF CAT.	DIFF VS PRIOR
		VS PRIOR	VS PRIOR		
		13 WKS	13 WKS		13 WKS
	6,402	214	3.5%	67.65	1.07
PHILIP MORRIS	3,446	171	5.2%	53.82	0.91
R.J. REYNOLDS	1,501	-15	-1.0%	23.45	-1.05
B&W	423	15	3.8%	6.61	0.02
LORILLARD	674	29	4.5%	10.53	0.11
AMERICAN	300	5	1.6%	4.69	-0.09
LIGGETT	56	8	16.5%	0.88	0.10

	1994 BENCHMARK	13WM ACTUAL	DIFF.	BENCHMARK GUIDELINE
PM-USA:	42.00	45.18	3.18	FAVORABLE
MARLBORO SHARE OF INDUSTRY	24.90	28.37	3.47	FAVORABLE
BASIC SHARE OF DISCOUNT	14.20	14.11	0.09	UNFAVORABLE

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ALMOST THE ENTIRE MARLBORO 5FOR4 ALLOCATION (1.6 BILLION UNITS) HAS BEEN SHIPPED.

MARLBORO 5 FOR 4 SHIPMENTS

SHIPPING DATE	PRE-BOOKED		ACTUAL	CUME DIFF VS. PRE-BOOKED ORDERS
	VOLUME (MILLIONS)		VOLUME (MILLIONS)	
	DAY	WEEK	WEEK	
4/14/94	11.1			
4/15/94	34.0	45.1	49.3	
4/18/94	193.4			
4/19/94	0.3			
4/20/94	12.3			
4/21/94				
4/22/94	7.2	213.2	201.8	
4/25/94	54.5			
4/26/94	5.0			
4/27/94	6.8			
4/28/94	3.5			
4/29/94	88.7	158.5	126.8	
5/2/94	444.8			
5/3/94	94.0			
5/4/94	4.4			
5/5/94	1.1	544.3	535.2	
5/9/94	7.9			
5/13/94	5.4	13.3	74.0	
5/16/94	47.2			
5/17/94	7.2	54.4	278.5	
5/23/94	0.3	0.3	51.1	
5/31-6/3/94			230.0	
CUME		1029.1	1546.7	517.6

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Philip Morris USA

PM SHIPMENTS TO MCLANE RETURNED TO NEAR NORMAL LEVELS. MCLANE'S SALES TO RETAIL HAVE BEEN AVERAGING 545 MILLION PER WEEK.

TOTAL PM VOLUME MCLANE

(millions of cigarettes)

<u>Week ending</u>	<u>PM shipped to McLane</u>	<u>McLane shipped to Retailers</u>	<u>Difference</u>	<u>Cume Diff. From 1/7/94</u>
3/4	195.9	475.5	-279.6	
3/11	98.7	482.5	-383.8	
3/18	383.3	533.6	-150.3	
3/25	226.3	516.3	-290.0	
4/1	145.1	558.9	-413.8	
4/8	949.1	533.0	416.1	
4/15	1,076.6	529.6	547.0	
4/22	1,087.1	544.5	542.6	
4/29	726.7	560.8	165.9	
5/6	674.6	555.9	118.7	
5/13	614.2	565.8	48.4	
5/20	540.9	569.7	-28.8	
5/27	606.6	544.2	62.4	1,746.6
6/3	544.8	N/A	N/A	

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All volumes exclude ten Sam's Clubs in Michigan purchasing directly from PM.

PM-USA WEEKLY PERFORMANCE

													2Q	
													2Q OB	UPDATED
	<u>3/11</u>	<u>3/25</u>	<u>4/1</u>	<u>4/8</u>	<u>4/15</u>	<u>4/22</u>	<u>4/29</u>	<u>5/6</u>	<u>5/13</u>	<u>5/20</u>	<u>5/27</u>	<u>6/3</u>	WEEKLY	WEEKLY
													TARGET	TARGET
MARLBORO	2,236	2,196	2,102	2,787	2,917	3,113	2,814	3,170	2,702	2,799	3,327	2,309	2,359	2,517
B&H	237	197	179	264	259	265	239	223	228	221	289	185	226	239
MERIT	198	192	181	247	253	254	234	222	225	219	287	192	215	219
V.SLIMS	203	191	183	251	256	252	229	223	223	215	291	186	211	220
PARLIAMENT	62	56	52	63	64	66	62	62	63	62	81	48	63	60
OTHER PREMIUM	18	16	16	21	19	19	18	22	20	18	23	15	20	19
CANADIAN	0	0	0	0	0	0	0	0	0	0	0	0	3	0
TOTAL PREMIUM	2,954	2,848	2,713	3,634	3,769	3,968	3,597	3,923	3,462	3,535	4,298	2,935	3,097	3,274
CAMBRIDGE	219	153	133	175	173	176	172	166	183	163	193	135	170	162
ALPINE	38	29	29	37	37	37	34	32	32	33	42	31	40	35
BUCKS	3	3	3	3	4	3	3	3	3	3	3	2	3	3
FVB	152	155	155	193	191	183	164	168	149	159	210	136	175	167
BASIC	413	541	435	472	471	448	407	395	388	378	485	361	475	447
BRISTOL	19	16	15	19	22	20	17	18	19	18	20	16	20	15
PLAYERS 25	4	4	4	4	4	4	4	3	4	3	5	3	3	3
TOTAL DISCOUNT	847	900	774	904	901	872	800	786	777	757	959	684	886	832
TOTAL PM-USA	3,801	3,749	3,487	4,538	4,670	4,840	4,397	4,708	4,239	4,292	5,257	3,620	3,983	4,106

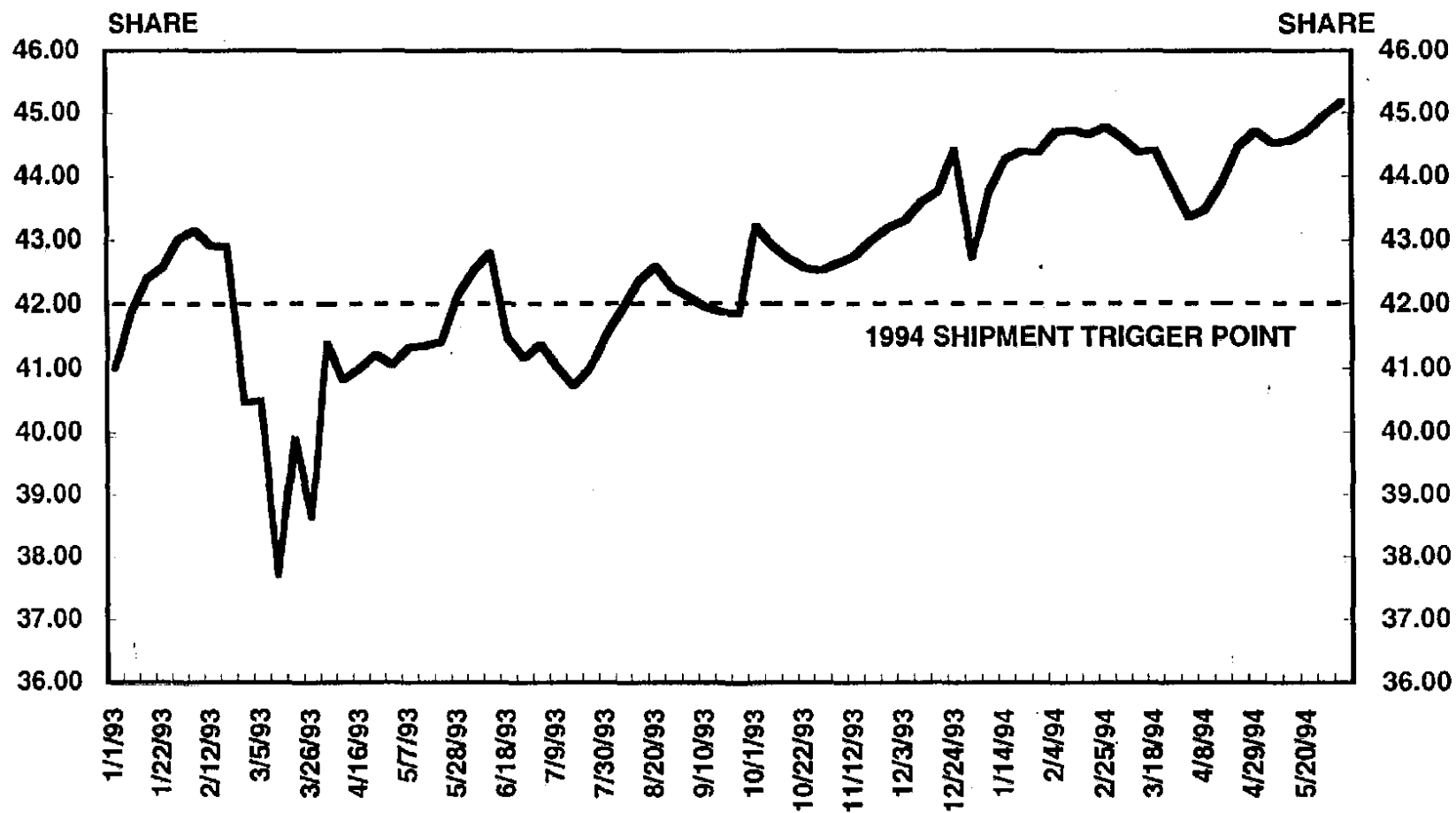
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PM-USA WEEKLY PERFORMANCE

													2Q	
													2Q OB	UPDATED
													WEEKLY	WEEKLY
													TARGET	TARGET
	3/11	3/25	4/1	4/8	4/15	4/22	4/29	5/6	5/13	5/20	5/27	6/3		
MARLBORO	24.31	25.93	25.59	27.40	28.62	31.22	29.69	31.71	28.82	29.86	29.45	28.39	25.19	26.84
B&H	2.58	2.32	2.18	2.60	2.54	2.65	2.52	2.23	2.44	2.36	2.56	2.27	2.42	2.56
MERIT	2.15	2.27	2.21	2.43	2.48	2.54	2.47	2.22	2.40	2.34	2.54	2.36	2.30	2.34
V.SLIMS	2.21	2.26	2.22	2.47	2.51	2.53	2.42	2.23	2.38	2.29	2.58	2.29	2.25	2.35
PARLIAMENT	0.67	0.66	0.64	0.62	0.63	0.66	0.66	0.62	0.68	0.66	0.71	0.60	0.67	0.64
OTHER PREMIUM	0.20	0.20	0.20	0.21	0.21	0.20	0.19	0.22	0.21	0.20	0.19	0.19	0.21	0.20
CANADIAN	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.00
TOTAL PREMIUM	32.12	33.64	33.04	35.73	36.99	39.80	37.95	39.23	36.93	37.71	38.03	36.10	33.07	34.93
CAMBRIDGE	2.37	1.80	1.61	1.71	1.69	1.77	1.82	1.66	1.96	1.74	1.71	1.66	1.82	1.73
ALPINE	0.41	0.34	0.36	0.37	0.37	0.37	0.36	0.32	0.34	0.35	0.37	0.38	0.43	0.37
BUCKS	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
FVB	1.66	1.83	1.89	1.89	1.87	1.83	1.73	1.68	1.58	1.69	1.86	1.68	1.87	1.78
BASIC	4.49	6.39	5.30	4.64	4.62	4.51	4.29	3.95	4.14	4.03	4.30	4.44	5.07	4.77
BRISTOL	0.20	0.19	0.18	0.19	0.21	0.20	0.18	0.18	0.20	0.19	0.18	0.18	0.21	0.16
PLAYERS 25	0.04	0.05	0.06	0.05	0.05	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.03	0.03
TOTAL DISCOUNT	9.20	10.63	9.43	8.88	8.84	8.75	8.45	7.86	8.29	8.07	8.49	8.41	9.46	8.87
TOTAL PM-USA	41.32	44.27	42.47	44.61	45.83	48.55	46.40	47.09	45.22	45.78	46.52	44.51	42.53	43.80

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PM SHARE OF MARKET 13 WEEK MOVING AVERAGE

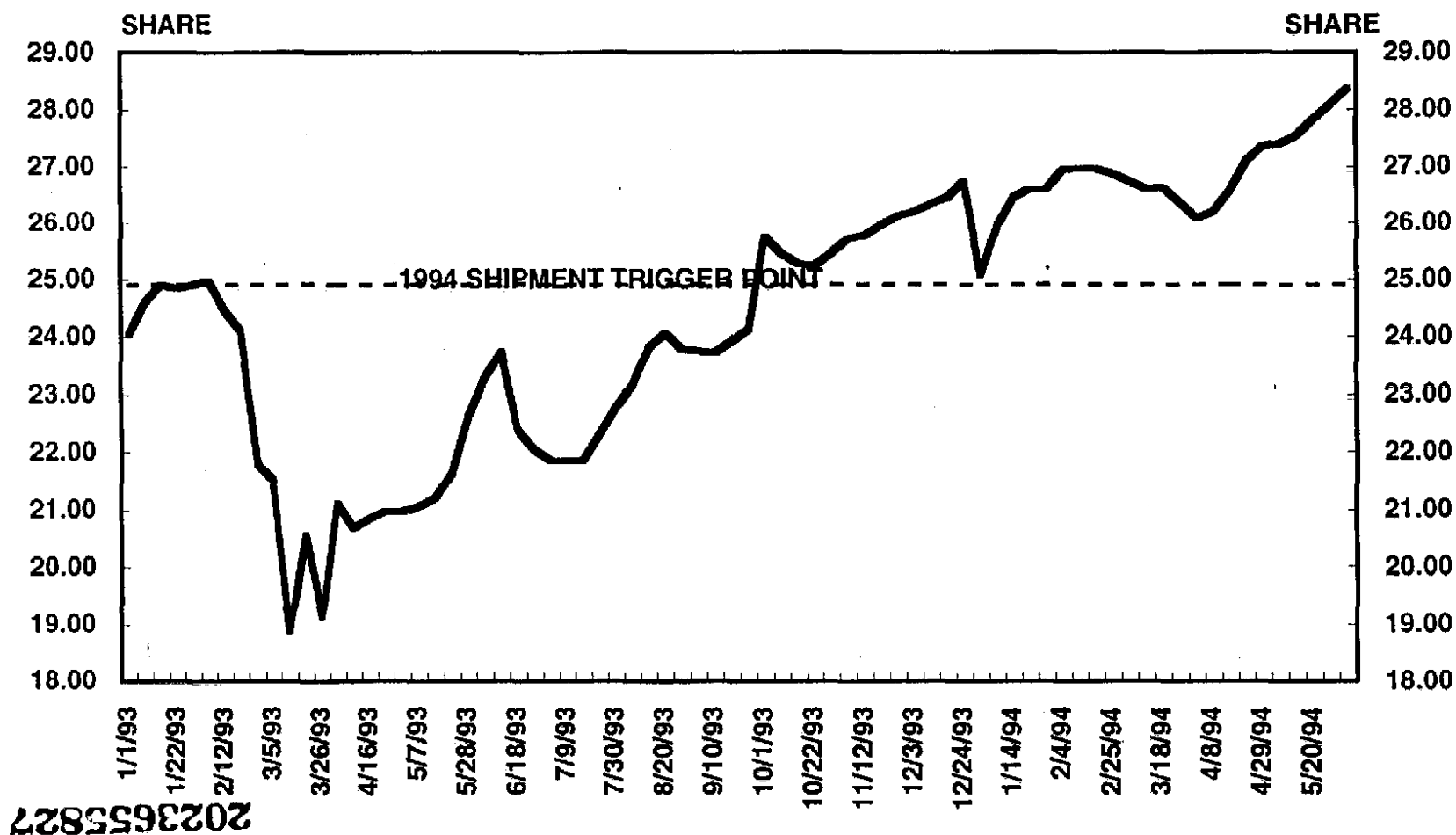


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SOURCE: MSA SHIPMENTS

13WM BRANDS Chart 1

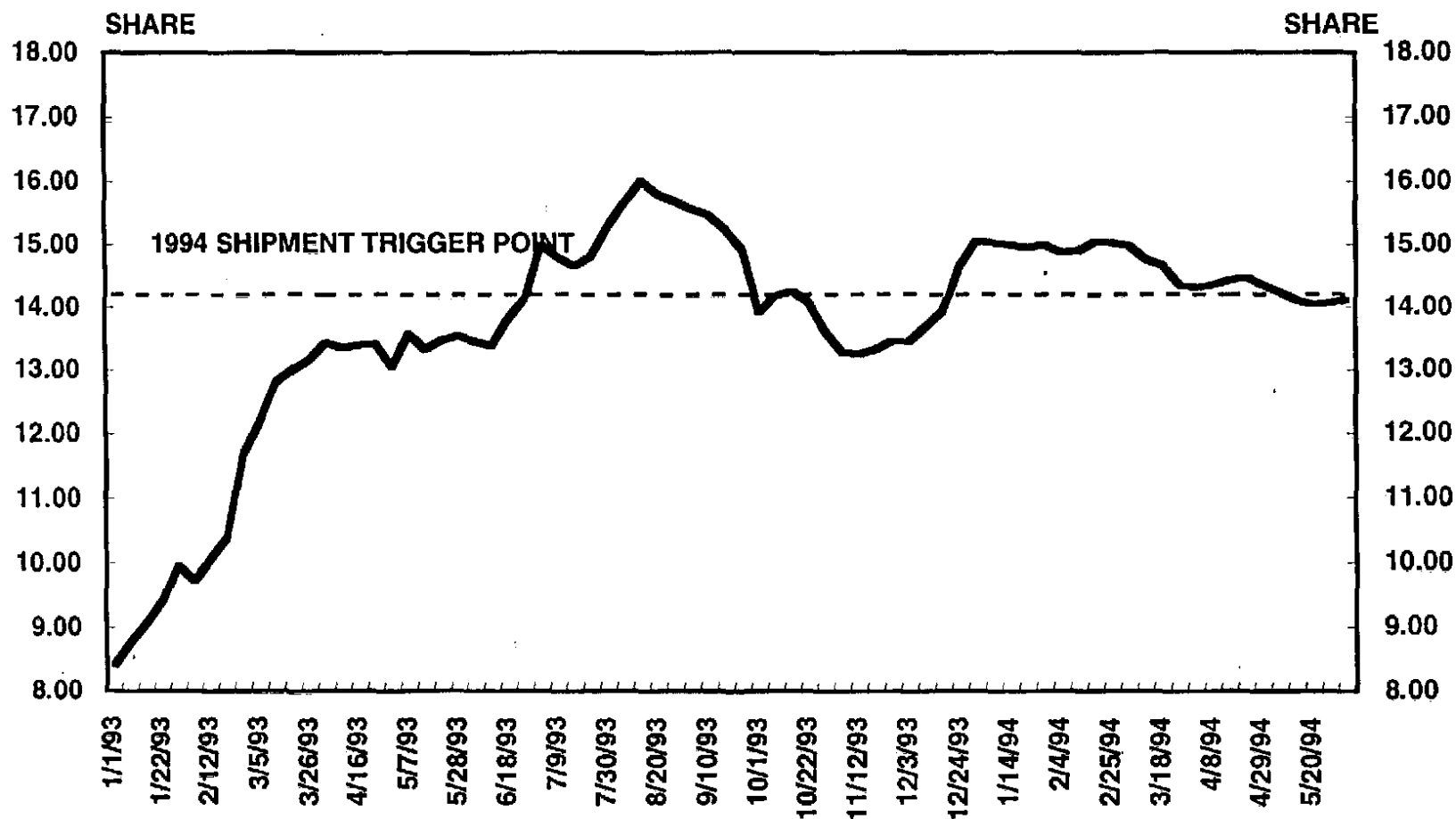
MARLBORO SHARE OF MARKET 13 WEEK MOVING AVERAGE



SOURCE: MSA SHIPMENTS

13WM BRANDS Chart 2

BASIC SHARE OF DISCOUNT 13 WEEK MOVING AVERAGE



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SOURCE: MSA SHIPMENTS

13WM BRANDS Chart 4

2023655829

PRICING

PRICING

5/28

- In C-stores, Premium and Lowest Discount prices remained unchanged, leaving the price gap at 44%.
- In Supermarkets, Lowest Discount prices decreased twice as much as Premium prices (-13¢ vs. -7¢), increasing the price gap +6¢ to \$4.77 or 41%.
- ≤99¢ incidence remained at 15%, comparable to YTD levels.
- Basic's price disadvantage with the Lowest Discount brand and GPC has increased significantly YTD.
 - Gaps have widened primarily in large metro area C-store chains.
 - In stores where Basic was at parity with the Lowest Discount but now is price disadvantaged the Discount category has advanced (+0.9 points) and Basic share has dropped (-0.5).
 - In stores where Basic was at price parity with GPC but now is price disadvantaged, Basic's share declined -0.6 points while GPC's share was flat.

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Marlboro and the Lowest Discount price increased and decreased in the same number of stores, leaving national average prices stable.

	% of C-stores		
	<u>Unchanged</u>	<u>Increased</u>	<u>Decreased</u>
Marlboro	96%	2%	2%
Basic	90%	6%	4%
Doral	85%	7%	8%
GPC	81%	8%	11%
RJR P/L	88%	4%	8%
Lowest Discount	83%	9%	8%
Marlboro Gap *	81%	10%	9%
Basic Gap **	80%	10%	10%

* Marlboro vs. Lowest Discount brand in same store.

** Basic vs. Lowest Discount brand in same store.

SOURCE: NIELSEN PRICING AUDIT

2023655831

Prices remained stable in C-stores and decreased in Supermarkets.

**C-STORE
PACKS**

	<u>5/7</u>	<u>5/14</u>	<u>5/21</u>	<u>5/28</u>	<u>Change Prior Week</u>
Marlboro (net)	\$1.93	\$1.93	\$1.93	\$1.93	\$0.00
Lowest Discount	1.35	1.35	1.34	1.34	\$0.00
\$ Gap	0.58	0.58	0.59	0.59	\$0.00
% Gap	43.0%	43.0%	44.0%	44.0%	0.0%

**SUPERMARKET
CARTONS**

Marlboro (net)	\$16.42	\$16.44	\$16.47	\$16.40	(\$0.07)
Lowest Discount	11.70	11.75	11.76	11.63	(\$0.13)
\$ Gap	4.72	4.69	4.71	4.77	\$0.06
% Gap	40.3%	39.9%	40.1%	41.0%	0.0%

SOURCE: NIELSEN PRICING AUDIT

2023655832

Regionally, Marlboro's price remained stable while the Lowest Discount price fluctuated.

	5/28				
	<u>Marlboro</u>	<u>Lowest Discount</u>	<u>\$ GAP</u>	<u>% GAP</u>	<u>Chg. vs. prior wk</u>
NATIONAL	1.93	1.34	\$0.59	44.0%	\$0.00
R1	2.10	1.54	\$0.56	36.4%	(\$0.02)
R2	1.76	1.20	\$0.56	46.7%	\$0.01
R3	1.91	1.33	\$0.58	43.6%	(\$0.03)
R4	1.87	1.33	\$0.54	40.6%	\$0.00
R5	2.07	1.35	\$0.72	53.3%	\$0.03

SOURCE: NIELSEN PRICING AUDIT

2023655833

Nationally, $\leq 99\text{¢}$ incidence remained at 15%.

		Change vs. <u>1 WAGO</u>	Change vs. <u>4 WAGO</u>	Weighted Avg. <u>State Tax</u>
	<u>5/28</u>			
NATIONAL	15.0%	0.0	0.0	\$0.29
R1	0.0%	0.0	0.0	\$0.43
R2	22.7%	0.0	0.0	\$0.18
R3	15.8%	0.0	0.0	\$0.31
R4	23.3%	0.0	0.0	\$0.26
R5	8.5%	0.0	0.0	\$0.33

2023655834

SOURCE: NIELSEN PRICING AUDIT

Across common stores, Basic's price gap with GPC and the Lowest Discount brand widened.

	<u>5/7</u>	<u>5/14</u>	<u>5/21</u>	<u>5/28</u>	Change vs. <u>Prior Week</u>
Basic	\$1.56	\$1.56	\$1.55	\$1.55	\$0.00
Same Store Gaps					
GPC	0.14	0.14	0.13	0.14	0.01
Monarch	0.05	0.06	0.06	0.06	0.00
Lowest Discount	0.22	0.22	0.22	0.23	0.01

SOURCE: NIELSEN PRICING AUDIT

2023655835

Basic's >10¢ price disadvantage with GPC remained stable week to week.

Basic vs. GPC in C-stores

	<u>5/7</u>	<u>5/14</u>	<u>5/21</u>	<u>5/28</u>
# SAME STORES	221	235	234	227
<u>BASIC > GPC by 10¢*</u>				
# STORES	119	130	125	122
% STORES	54%	55%	53%	54%
<u>PRICE DISADVANTAGE *</u>				
AVG. \$	\$0.25	\$0.25	\$0.25	\$0.25
MAXIMUM	\$0.60	\$0.53	\$0.50	\$0.60
MINIMUM	\$0.14	\$0.14	\$0.14	\$0.13

* All comparisons are based on stores with both brands in distribution.

** Price disadvantage ONLY in stores where Basic's price > GPC by more than 10¢.

SOURCE: NIELSEN PRICING PANEL

2023655836

Basic's >10¢ price disadvantage with the Lowest Discount brand increased +2 points week to week, up +21 points YTD.

Basic vs. Lowest Discount in C-stores

	<u>5/7</u>	<u>5/14</u>	<u>5/21</u>	<u>5/28</u>
# SAME STORES	333	343	335	328
<u>BASIC > LOWEST DISC. BY 10¢*</u>				
# STORES	235	239	238	239
% STORES	71%	70%	71%	73%
<u>PRICE DISADVANTAGE *</u>				
AVG. \$	\$0.30	\$0.30	\$0.31	\$0.30
MAXIMUM	\$0.70	\$0.66	\$0.80	\$0.66
MINIMUM	\$0.12	\$0.14	\$0.11	\$0.11

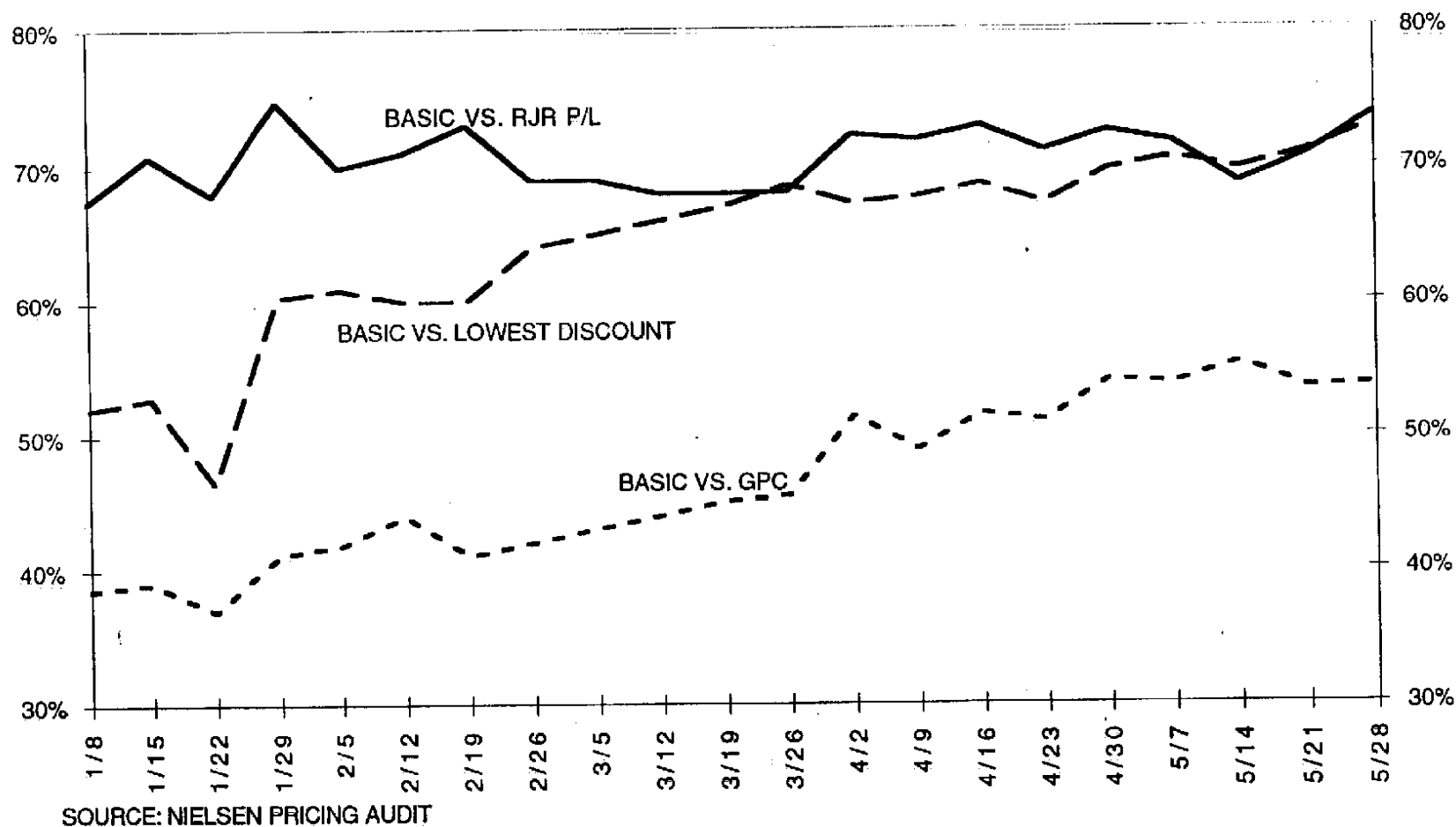
* All comparisons are based on stores with both brands in distribution.

** Price disadvantage ONLY in stores where Basic's price >Lowest Discount by more than 10¢.

SOURCE: NIELSEN PRICING PANEL

2023655837

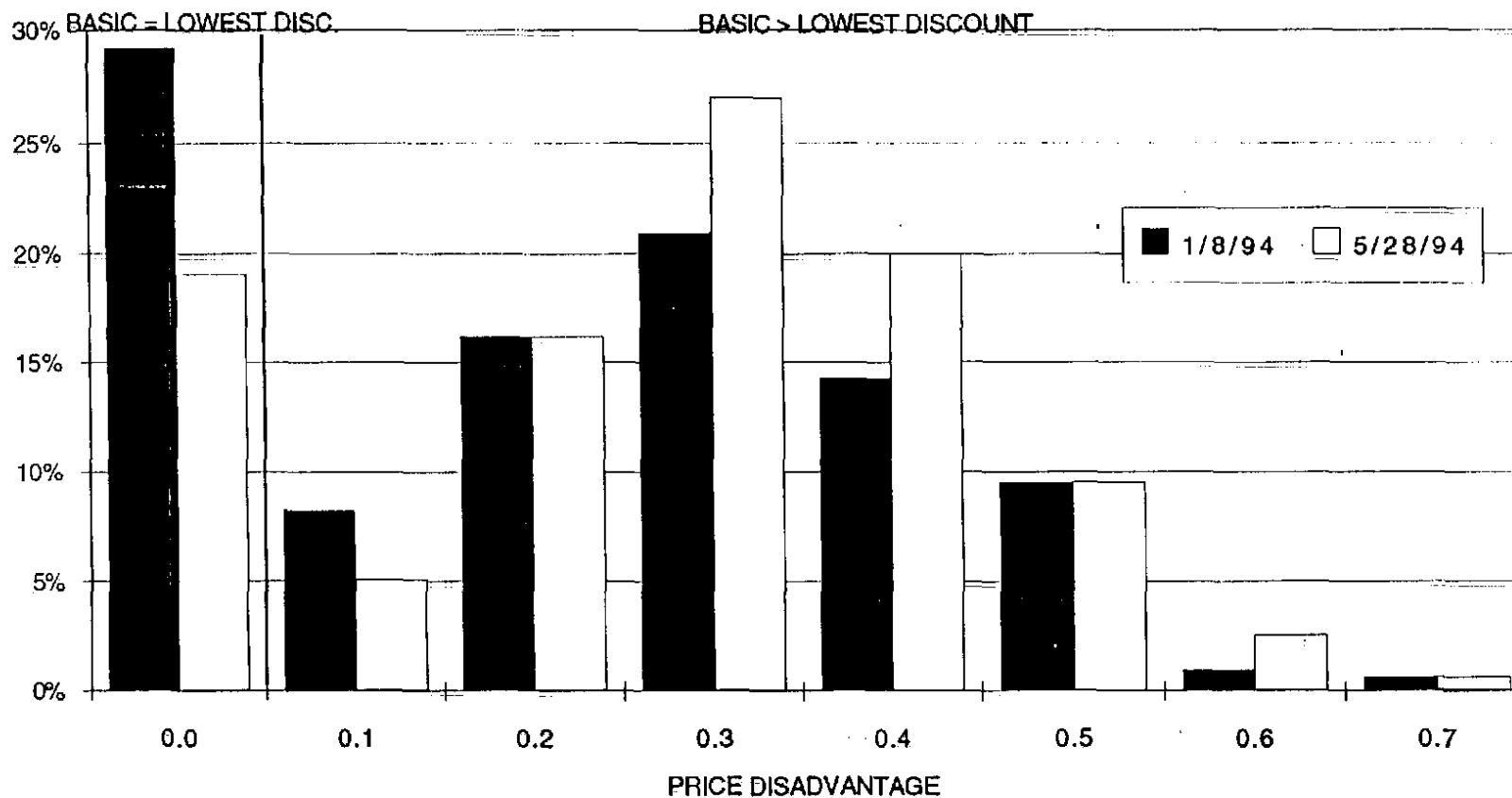
Since January, Basic's price disadvantage with the Lowest Discount brand and GPC increased.



2023655838

BASIC'S PRICE DISADVANTAGE WITH THE LOWEST DISCOUNT BRAND HAS INCREASED YTD.

INCIDENCE



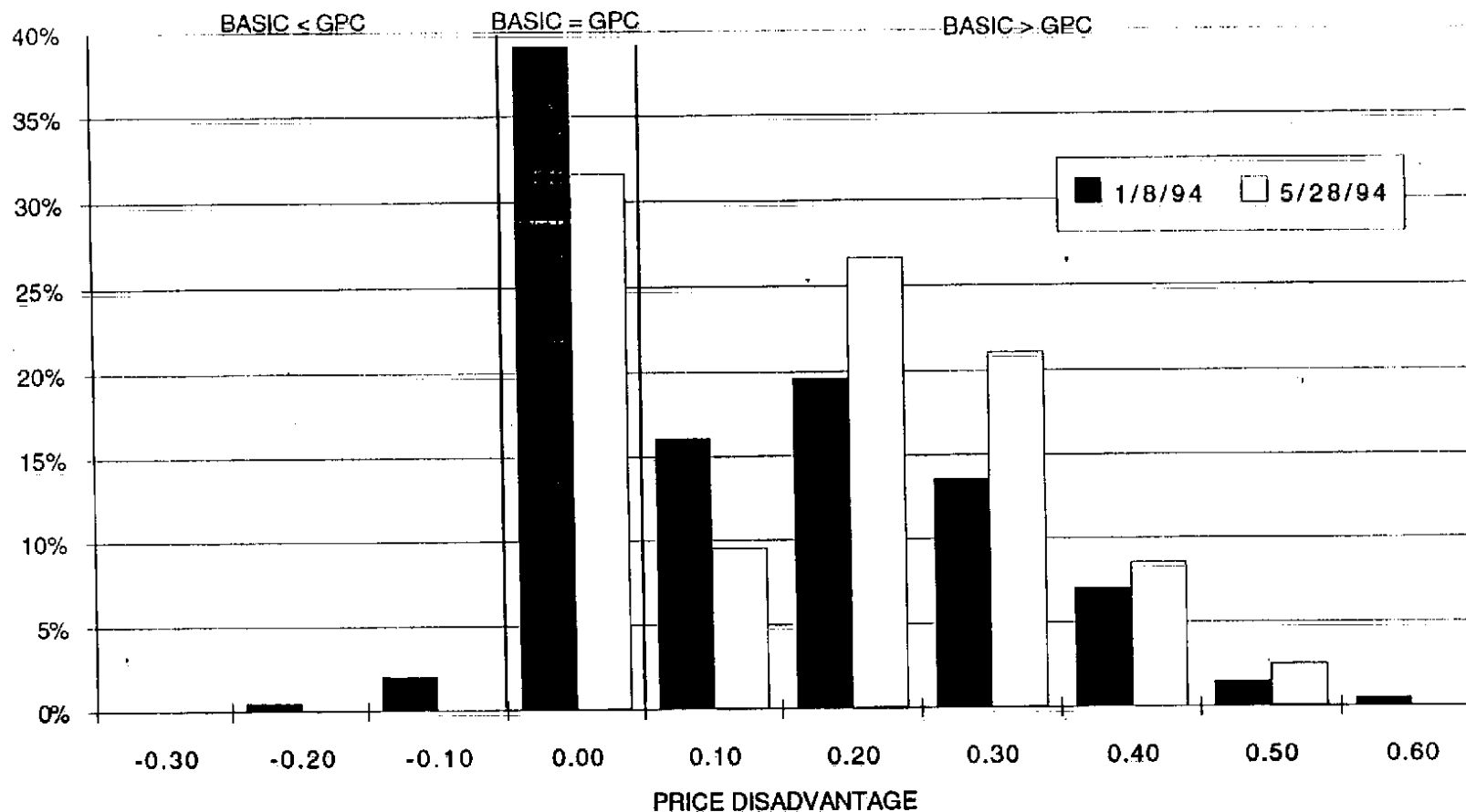
SOURCE: NIELSEN PRICING AUDIT

6885593202

basic vs. comp 1/8 VS. 5/28 Chart 2

BASIC'S PRICE DISADVANTAGE WITH GPC HAS INCREASED YTD.

INCIDENCE



SOURCE: NIELSEN PRICING AUDIT

2023655840

basic vs. comp 1/8 VS. 5/28 Chart 1

NIELSEN

2023655841

PM'S ALL OUTLET COMBINED PERFORMANCE WEEKLY INTEGRATED NIELSEN - W/E 5/21/94

- All performance benchmarks remain favorable.
- PM's share grew +1.4 points on a monthly basis since January.
 - Current week's share advanced +0.2 points and +0.4 points over the latest two weeks to 46.7% (a record level), as Basic and Other Premium Brands experienced modest gains.
 - Marlboro's weekly share was stable at 28.6%, while the B4G1F product's share gained +0.4 points versus week-ago to 0.8%. The franchise's four week performance was up +0.6 points.
 - Share increased in C-stores but declined in all carton trade classes.
- RJR's weekly share (28.6%) was stable (-0.1 points), as Winston gains were more than offset by Camel, Monarch and Private Label declines. Four week performance was off -0.6 points primarily in Doral and RJR's PL franchises.
- The Discount category's share is holding at 32-33% since 4th Quarter 1993.
 - Current week's share (31.4%) declined -0.4 points and -0.9 points over the latest two weeks.
 - Branded Discount and Private Label segments lost.
 - Four week shares were off -0.4 points, predominantly in Private Labels (RJR and American).

2023655842

BENCHMARKS - TOTAL US
WEEKLY INTEGRATED NIELSEN - ALL OUTLET COMBINED

	<u>Target</u>	<u>Benchmarks*</u>	<u>4 w/e 21-May</u>	<u>Current vs. Benchmark</u>
Philip Morris	44.3	44.5 (lower limit)	46.4	1.9 Favorable
Marlboro	25.7	26.3 (lower limit)	28.3	2.0 Favorable
OPB	8.8	8.9 (lower limit)	9.1	0.2 Favorable
Virginia Slims	2.7	2.7 (lower limit)	2.9	0.2 Favorable
Benson & Hedges	2.5	2.5 (lower limit)	2.6	0.1 Favorable
Merit	2.8	2.8 (lower limit)	2.9	0.1 Favorable
Parliament	0.6	0.6 (lower limit)	0.6	0.0 Favorable
Basic Shr. of Disc. (SOC)	15.1	14.5 (lower limit)	14.8	0.3 Favorable
Discount Category	34.5	+2.0 Pts. (upper limit)**	31.9	2.6 Favorable
Private Label	8.5	9.0 (upper limit)	7.4	1.6 Favorable

* Revised to reflect 1994 First Revised Forecast.

** Annualized category growth (upper limit) is +2.0 points. First 6 months of 1994 total Discount category cannot exceed 34.5%.

2023655843

Nlsn INT weekly bench

NIELSEN INTEGRATED DATA
(All Outlets Combined)

<u>COMPANY</u>	<u>PM</u>	<u>RJR</u>	<u>B&W</u>	<u>American</u>	<u>Lorillard</u>	<u>Liggett</u>
Base March 1993	41.63	33.58	10.70	5.92	5.73	2.31
May 21, 1994 (4WM)	<u>46.44</u>	<u>28.65</u>	<u>10.27</u>	<u>6.21</u>	<u>6.32</u>	<u>1.97</u>
	4.81	(4.93)	(0.43)	0.29	0.59	(0.34)

<u>CATEGORY</u>	<u>Premium</u>	<u>Discount</u>	<u>Branded Discount</u>	<u>Private Label</u>
Base March 1993	61.96	37.70	28.36	9.35
May 21, 1994 (4WM)	<u>67.94</u>	<u>31.94</u>	<u>24.53</u>	<u>7.41</u>
	5.98	(5.76)	(3.83)	(1.94)

<u>MAJOR BRANDS</u>	<u>Marlboro</u>	<u>PM OPR</u>	<u>Winston</u>	<u>Select</u>	<u>Camel</u>
Base March 1993	22.04	9.06	5.61	0.43	3.82
May 21, 1994 (4WM)	<u>28.29</u>	<u>9.08</u>	<u>5.83</u>	<u>0.88</u>	<u>4.40</u>
	6.25	0.02	0.22	0.45	0.58

<u>MAJOR BRANDS</u>	<u>Salem</u>	<u>Vantage</u>	<u>Now</u>	<u>Kool</u>	<u>Newport</u>
Base March 1993	4.22	1.72	0.80	3.27	3.24
May 21, 1994 (4WM)	<u>3.90</u>	<u>1.41</u>	<u>0.64</u>	<u>3.08</u>	<u>3.84</u>
	(0.32)	(0.31)	(0.16)	(0.19)	0.60

<u>BRANDED DISCOUNTS</u>	<u>Basic</u>	<u>Cambridge</u>	<u>Alpine</u>	<u>Doral</u>	<u>Misty</u>	<u>Montclair</u>	<u>Monarch</u>	<u>Best Value</u>	<u>GPC</u>
Base March 1993	4.00	2.25	0.52	4.27	0.88	0.93	2.81	3.51	4.48
May 21, 1994 (4WM)	<u>4.71</u>	<u>1.84</u>	<u>0.41</u>	<u>4.37</u>	<u>1.05</u>	<u>1.24</u>	<u>1.98</u>	<u>1.09</u>	<u>4.79</u>
	0.71	(0.41)	(0.11)	0.10	0.17	0.31	(0.83)	(2.42)	0.31

<u>PRIVATE LABEL</u>	<u>PM</u>	<u>RJR</u>	<u>Liggett</u>	<u>American</u>
Base March 1993	2.96	4.74	1.22	0.43
May 21, 1994 (4WM)	<u>1.77</u>	<u>3.86</u>	<u>1.08</u>	<u>0.70</u>
	(1.19)	(0.88)	(0.14)	0.27

2023655844

NOTE: In the Integrated Nielsen Panel, Premium plus Discount does not equal Total due to the inclusion of miscellaneous promotional volume.

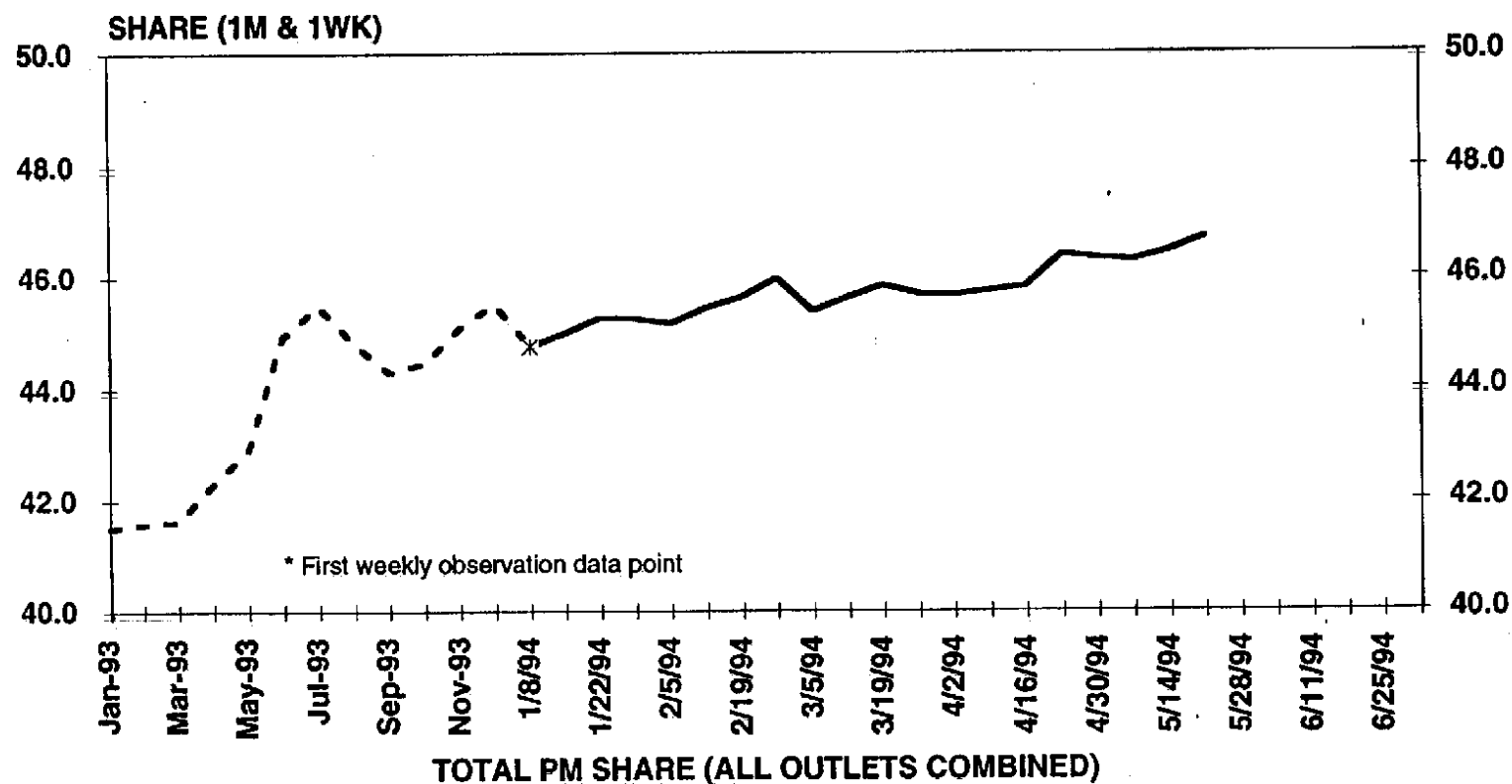
NIELSEN INTEGRATED DATA
(All Outlets Combined)

<u>COMPANY</u>	<u>PM</u>	<u>RJR</u>	<u>B&W</u>	<u>American</u>	<u>Lorillard</u>	<u>Liggett</u>				
Base July 1993	45.50	31.87	9.81	5.50	5.38	1.82				
May 21, 1994 (4WM)	<u>46.44</u>	<u>28.65</u>	<u>10.27</u>	<u>6.21</u>	<u>6.32</u>	<u>1.97</u>				
	0.94	(3.22)	0.46	0.71	0.94	0.15				
<u>CATEGORY</u>	<u>Premium</u>	<u>Discount</u>	<u>Branded Discount</u>	<u>Private Label</u>						
Base July 1993	64.54	35.31	26.41	8.90						
May 21, 1994 (4WM)	<u>67.94</u>	<u>31.94</u>	<u>24.53</u>	<u>7.41</u>						
	3.40	(3.37)	(1.88)	(1.49)						
<u>MAJOR BRANDS</u>	<u>Marlboro</u>	<u>PM OPB</u>	<u>Winston</u>	<u>Select</u>	<u>Camel</u>					
Base July 1993	26.63	8.30	6.10	0.58	3.88					
May 21, 1994 (4WM)	<u>28.29</u>	<u>9.08</u>	<u>5.83</u>	<u>0.88</u>	<u>4.40</u>					
	1.66	0.78	(0.27)	0.30	0.52					
<u>MAJOR BRANDS</u>	<u>Salem</u>	<u>Vantage</u>	<u>Now</u>	<u>Kool</u>	<u>Newport</u>					
Base July 1993	3.91	1.49	0.68	3.01	3.17					
May 21, 1994 (4WM)	<u>3.90</u>	<u>1.41</u>	<u>0.64</u>	<u>3.08</u>	<u>3.84</u>					
	(0.01)	(0.08)	(0.04)	0.07	0.67					
<u>BRANDED DISCOUNTS</u>	<u>Basic</u>	<u>Cambridge</u>	<u>Alpine</u>	<u>Doral</u>	<u>Misty</u>	<u>Montclair</u>	<u>Monarch</u>	<u>Best Value</u>	<u>GPC</u>	
Base July 1993	4.95	1.94	0.44	4.66	0.83	0.83	2.43	2.27	4.13	
May 21, 1994 (4WM)	<u>4.71</u>	<u>1.84</u>	<u>0.41</u>	<u>4.37</u>	<u>1.05</u>	<u>1.24</u>	<u>1.98</u>	<u>1.09</u>	<u>4.79</u>	
	(0.24)	(0.10)	(0.03)	(0.29)	0.22	0.41	(0.45)	(1.18)	0.66	
<u>PRIVATE LABEL</u>	<u>PM</u>	<u>RJR</u>	<u>Liggett</u>	<u>American</u>						
Base July 1993	2.75	4.63	0.97	0.55						
May 21, 1994 (4WM)	<u>1.77</u>	<u>3.86</u>	<u>1.08</u>	<u>0.70</u>						
	(0.98)	(0.77)	0.11	0.15						

2023655845

NOTE: In the Integrated Nielsen Panel, Premium plus Discount does not equal Total due to the inclusion of miscellaneous promotional volume.

PM'S WEEKLY SHARE ADVANCED +0.2 POINTS VERSUS WEEK-AGO AND +0.4 POINTS OVER THE LATEST TWO WEEK PERIOD TO 46.7% (A RECORD LEVEL) WHILE THE COMPANY'S FOUR WEEK PERFORMANCE WAS UP +0.6 POINTS PRIMARILY DUE TO MARLBORO'S CONTINUED GROWTH.

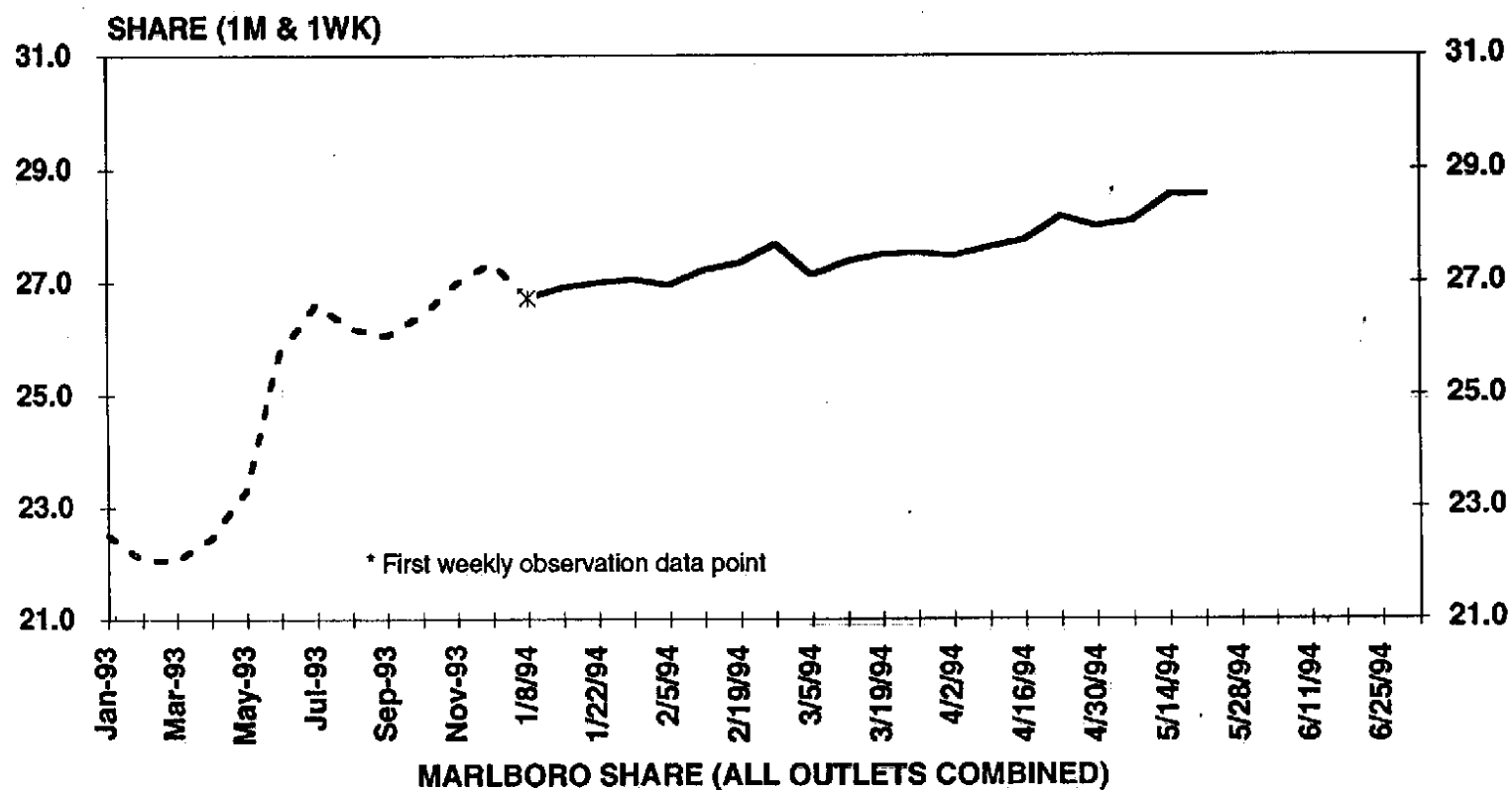


2023655846

Source: Integrated Nielsen Panel

Nielsen Int weekly Chart 1

MARLBORO'S WEEKLY SHARE WAS STABLE AT 28.6%. ITS FOUR WEEK PERFORMANCE WAS UP +0.6 POINTS, COINCIDING WITH 5 FOR 4 SELL THROUGH.

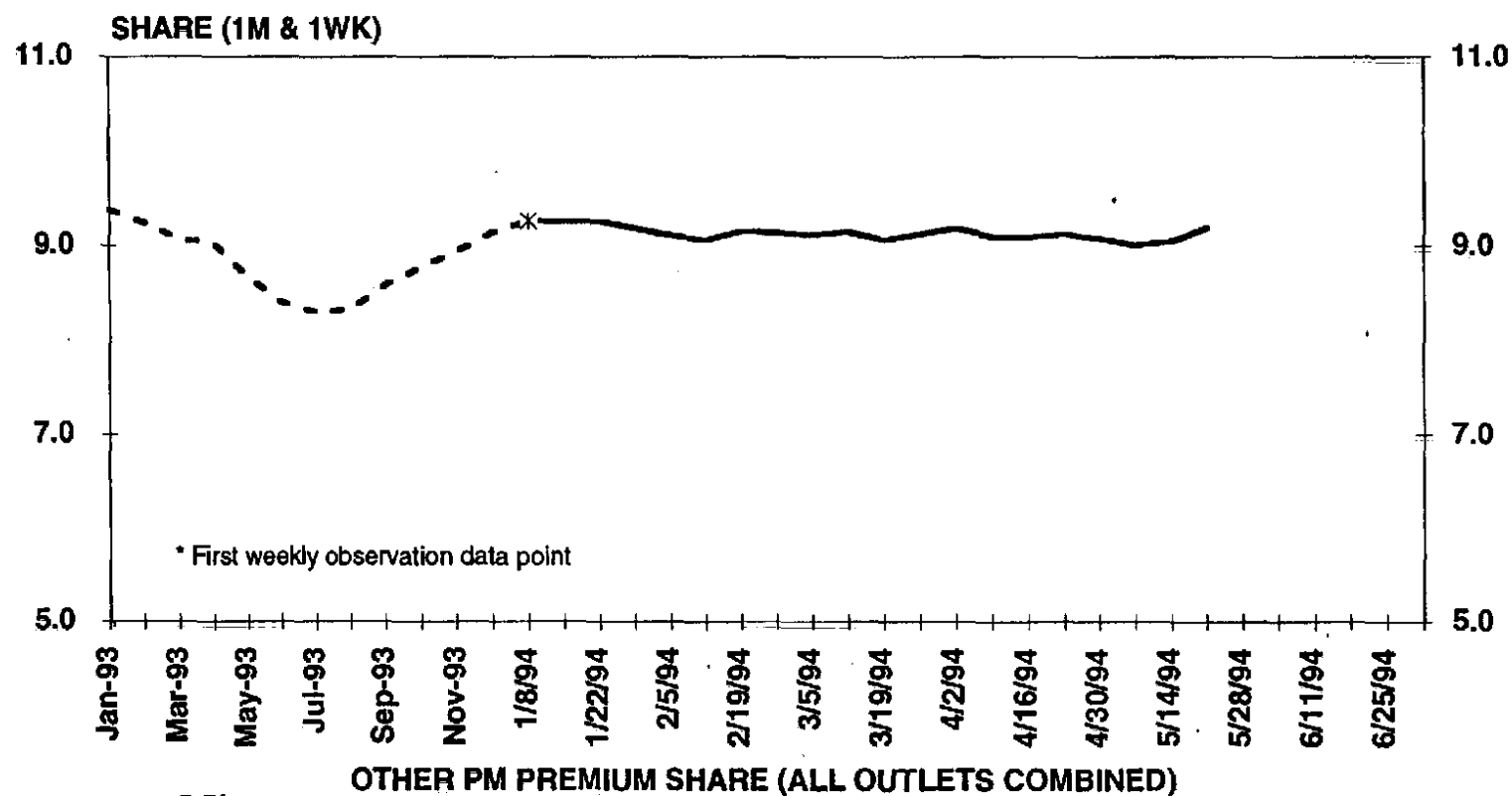


2023655847

Source: Integrated Nielsen Panel

Nielsen Int weekly Chart 4

PM'S OTHER PREMIUM BRANDS' SHARE GAINED +0.2 POINTS VERSUS WEEK-AGO TO 9.2%, WITH MODEST GAINS BY MERIT AND B + H.

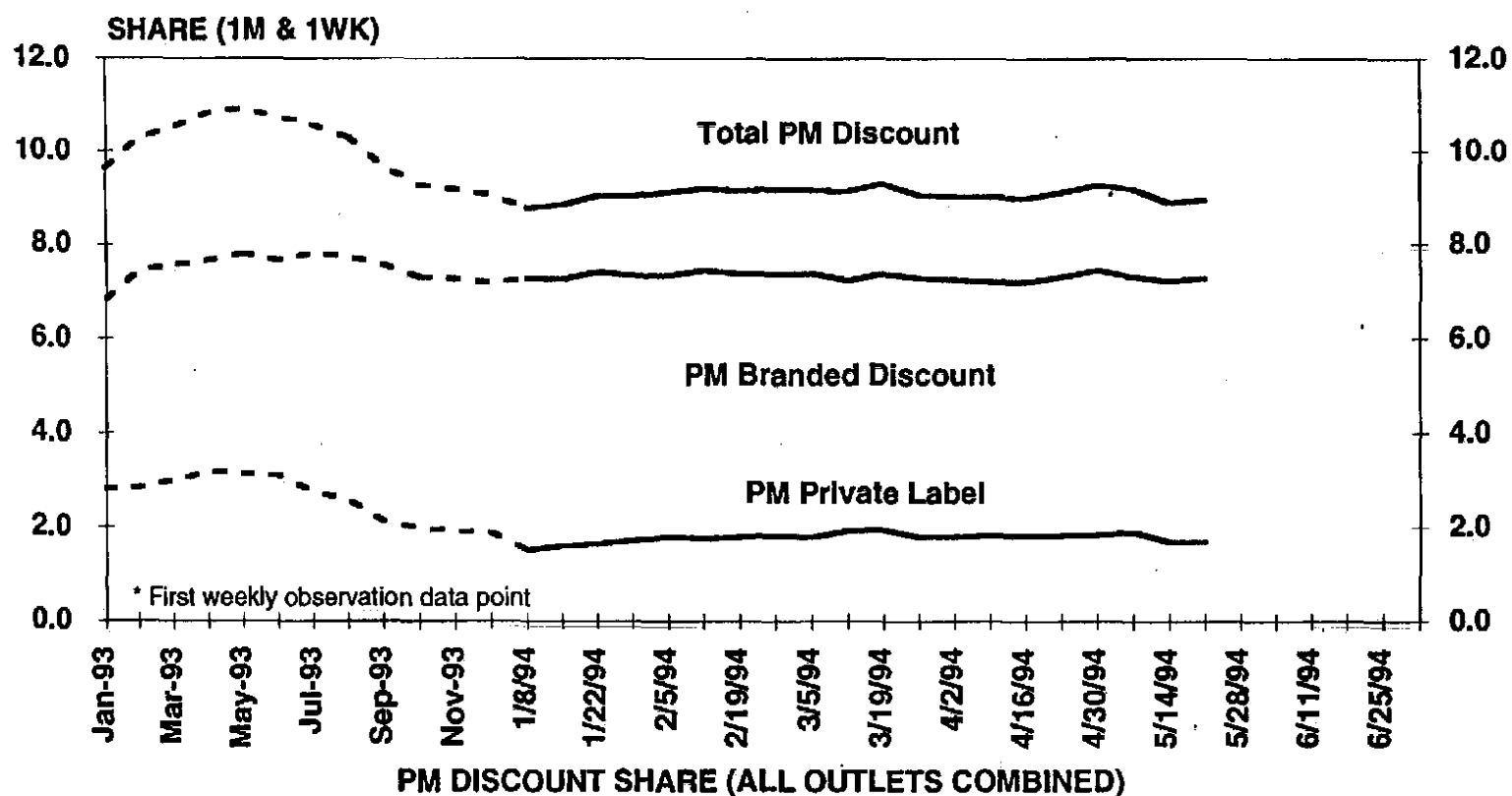


2023655848

Source: Integrated Nielsen Panel

Nielsen Int weekly Chart 2

PM'S DISCOUNT SHARE (9.0%) WAS STABLE (+0.1 POINTS VERSUS WEEK-AGO).

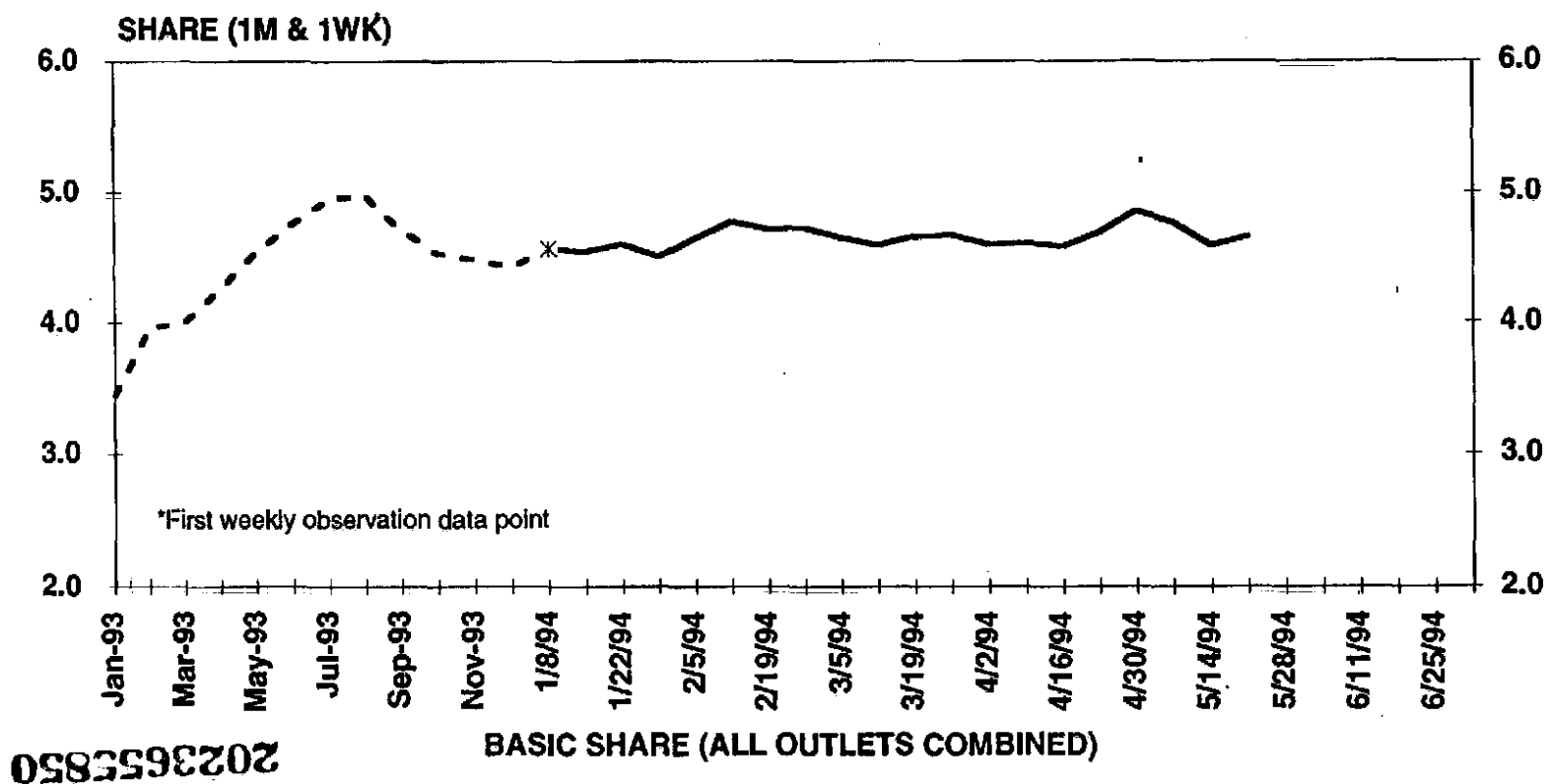


2023655849

Source: Integrated Nielsen Panel

Nielsen Int weekly Chart 3

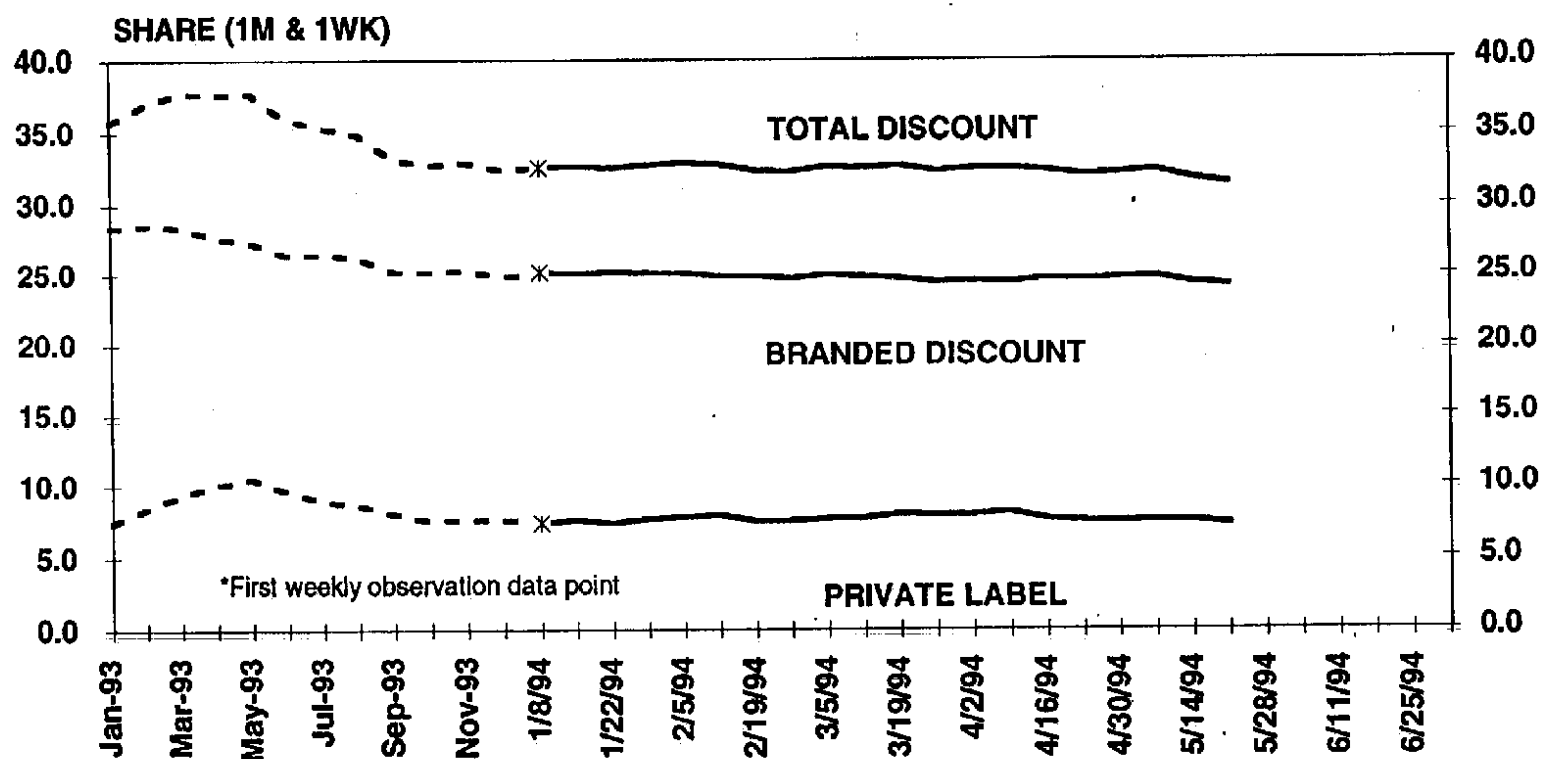
FOLLOWING TWO CONSECUTIVE WEEKLY DECLINES, BASIC'S SHARE INCREASED +0.1 POINTS VERSUS WEEK-AGO TO 4.7%.



Source: Integrated Nielsen Panel

Nielsen Int weekly Chart 8

THE DISCOUNT CATEGORY'S WEEKLY SHARE WAS DOWN -0.4 POINTS AND -0.9 POINTS OVER THE LATEST TWO WEEK PERIOD TO 31.4%, AS THE BRANDED DISCOUNT AND PRIVATE LABEL SEGMENTS EACH EXPERIENCED SIMILAR WEEK-TO-WEEK LOSSES (-0.2 POINTS EACH).



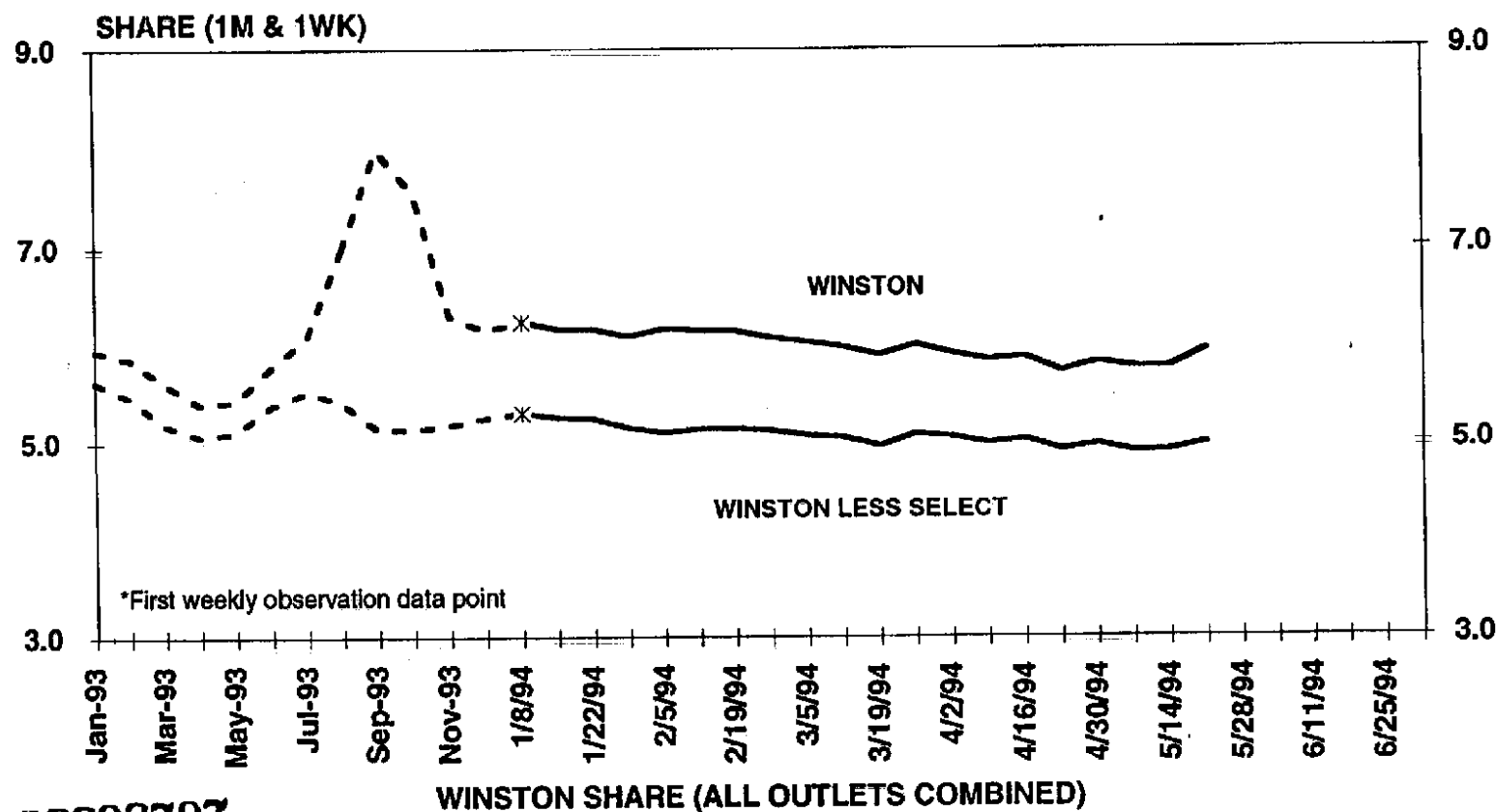
TOTAL DISCOUNT CATEGORY SHARE (ALL OUTLETS COMBINED)

2023655851

Source: Integrated Nielsen Panel

Nielsen Int weekly Chart 6

WINSTON'S SHARE GAINED +0.2 POINTS VERSUS WEEK-AGO TO 6.0%, WHILE THE FRANCHISE'S FOUR WEEK PERFORMANCE WAS STABLE.



Source: Integrated Nielsen Panel

Nielsen Int weekly Chart 10

2023655853

NIELSEN
C-STORE

PM'S PERFORMANCE IN C-STORES WEEKLY C-STORE AUDITS W/E 5/21/94

- Performance benchmarks are favorable except Basic's share of Discount and price gap.
- PM and Marlboro continued to advance to record levels of 48.7% and 31.7% respectively.
 - Marlboro's weekly share advanced +0.2 points and +0.7 points over the latest two weeks: B4G1F share gained +0.6 points week-to-week to 1.1%.
 - Basic's share (4.9%) declined for the second consecutive week, down -0.1 points and -0.4 points over the two weeks.
 - B2G1F incidence declined -7 points over the two week period to 13%.
- RJR's weekly share was unchanged (27.7%) while its four week share was down -0.7 points, with Doral and Private Label declining.
 - RJR is apparently trying to counter the Marlboro Country Store: Incidence of Winston incentives (18%) and mail-in offer placements (+24 points) have both gained retail penetration in recent weeks.
- The Discount category's weekly share declined -0.6 points and -1.4 points over the latest two weeks to 32.0% (its lowest level to date). Branded Discount and Private Label segments lost.

2023655854

BENCHMARKS - TOTAL US
NIELSEN WEEKLY C-STORE AUDITS (800 STORES)

	<u>Benchmarks</u>	<u>4 Weeks Ending 21-May</u>	<u>Current vs. Benchmark</u>
Philip Morris	45.2 (lower limit)	48.4	3.2 Favorable
Marlboro	28.2 (lower limit)	31.3	3.1 Favorable
OPB	7.7 (lower limit)	7.9	0.2 Favorable
Virginia Slims	2.3 (lower limit)	2.3	0.0 Favorable
Benson & Hedges	2.2 (lower limit)	2.4	0.2 Favorable
Merit	2.6 (lower limit)	2.6	0.0 Favorable
Parliament	0.4 (lower limit)	0.4	0.0 Favorable
Basic - Shr. of Discount	16.3 (lower limit)	15.6	0.7 Unfavorable
Discount Category	+2.0 Pts. (upper limit)*	32.7	2.2 Favorable
Private Label	10.2 (upper limit)	8.8	1.4 Favorable
Lowest Disc. Price **	\$1.34 (lower limit)	\$1.34	\$0.00 Favorable
Absolute Price Gap ***	\$0.57 (upper limit)	\$0.59	\$0.02 Unfavorable

* Annualized category growth (upper limit) is +2.0 points. First 6 months of 1994 total Discount category cannot exceed 34.9%.

** Source: Nielsen Weekly Pricing Audits (linear average)

*** Marlboro versus lowest Discount.

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C-store bench 800

NIELSEN WEEKLY C-STORE DATA
(800 C-Stores)

<u>COMPANY</u>	<u>PM</u>	<u>RJR</u>	<u>B&W</u>	<u>American</u>	<u>Lorillard</u>	<u>Liggett</u>
Base March 1993	43.22	33.88	11.01	4.76	5.74	1.37
May 21, 1994 (4WM)	<u>48.40</u>	<u>27.73</u>	<u>10.71</u>	<u>5.32</u>	<u>6.30</u>	<u>1.50</u>
	5.18	(6.15)	(0.30)	0.56	0.56	0.13

<u>CATEGORY</u>	<u>Premium</u>	<u>Discount</u>	<u>Branded Discount</u>	<u>Private Label</u>
Base March 1993	60.26	39.73	28.11	11.63
May 21, 1994 (4WM)	<u>67.27</u>	<u>32.73</u>	<u>23.92</u>	<u>8.81</u>
	7.01	(7.00)	(4.19)	(2.82)

<u>MAJOR BRANDS</u>	<u>Marlboro</u>	<u>PM OPB</u>	<u>Winston</u>	<u>Select</u>	<u>Camel</u>
Base March 1993	24.43	7.70	5.16	0.51	4.27
May 21, 1994 (4WM)	<u>31.27</u>	<u>7.87</u>	<u>5.34</u>	<u>0.98</u>	<u>4.95</u>
	6.84	0.17	0.18	0.47	0.68

<u>MAJOR BRANDS</u>	<u>Newport</u>	<u>Kool</u>	<u>Salem</u>	<u>Vantage</u>	<u>Now</u>
Base March 1993	3.90	3.39	3.70	1.41	0.46
May 21, 1994 (4WM)	<u>4.48</u>	<u>3.19</u>	<u>3.41</u>	<u>1.17</u>	<u>0.39</u>
	0.58	(0.20)	(0.29)	(0.24)	(0.07)

<u>BRANDED DISCOUNTS</u>	<u>Basic</u>	<u>Cambridge</u>	<u>Alpine</u>	<u>Doral</u>	<u>Misty</u>	<u>Montclair</u>	<u>Monarch</u>	<u>Best Value</u>	<u>GPC</u>
Base March 1993	4.89	1.46	0.40	3.36	0.75	0.90	4.08	2.88	4.95
May 21, 1994 (4WM)	<u>5.11</u>	<u>1.32</u>	<u>0.28</u>	<u>3.71</u>	<u>0.88</u>	<u>1.33</u>	<u>2.62</u>	<u>0.65</u>	<u>5.49</u>
	0.22	(0.14)	(0.12)	0.35	0.13	0.43	(1.46)	(2.23)	0.54

<u>PRIVATE LABEL</u>	<u>PM</u>	<u>RJR</u>	<u>Liggett</u>	<u>American</u>
Base March 1993	3.56	6.97	0.57	0.53
May 21, 1994 (4WM)	<u>2.20</u>	<u>4.69</u>	<u>1.01</u>	<u>0.90</u>
	(1.36)	(2.28)	0.44	0.37

958559E20Z

Source: Nielsen Integrated Panel.

Note: In the Integrated Nielsen Panel, Premium plus Discount does not equal Total due to the inclusion of miscellaneous promotional volume.

NIELSEN WEEKLY C-STORE DATA
(800 C-Stores)

<u>COMPANY</u>	<u>PM</u>	<u>RJR</u>	<u>B&W</u>	<u>American</u>	<u>Lorillard</u>	<u>Liggett</u>
Base July 1993	47.59	31.33	9.95	4.62	5.36	1.09
May 21, 1994 (4WM)	<u>48.40</u>	<u>27.73</u>	<u>10.71</u>	<u>5.32</u>	<u>6.30</u>	<u>1.50</u>
	0.81	(3.60)	0.76	0.70	0.94	0.41

<u>CATEGORY</u>	<u>Premium</u>	<u>Discount</u>	<u>Branded Discount</u>	<u>Private Label</u>
Base July 1993	64.00	36.00	25.39	10.62
May 21, 1994 (4WM)	<u>67.27</u>	<u>32.73</u>	<u>23.92</u>	<u>8.81</u>
	3.27	(3.27)	(1.47)	(1.81)

<u>MAJOR BRANDS</u>	<u>Marlboro</u>	<u>PM OPB</u>	<u>Winston</u>	<u>Select</u>	<u>Camel</u>
Base July 1993	29.66	7.07	5.89	0.65	4.34
May 21, 1994 (4WM)	<u>31.27</u>	<u>7.87</u>	<u>5.34</u>	<u>0.98</u>	<u>4.95</u>
	1.61	0.80	(0.55)	0.33	0.61

<u>MAJOR BRANDS</u>	<u>Newport</u>	<u>Kool</u>	<u>Salem</u>	<u>Vantage</u>	<u>Now</u>
Base July 1993	3.74	3.13	3.33	1.20	0.41
May 21, 1994 (4WM)	<u>4.48</u>	<u>3.19</u>	<u>3.41</u>	<u>1.17</u>	<u>0.39</u>
	0.74	0.06	0.08	(0.03)	(0.02)

<u>BRANDED DISCOUNTS</u>	<u>Basic</u>	<u>Cambridge</u>	<u>Alpine</u>	<u>Doral</u>	<u>Misty</u>	<u>Montclair</u>	<u>Monarch</u>	<u>Best Value</u>	<u>GPC</u>
Base July 1993	5.59	1.38	0.34	3.50	0.77	0.84	3.34	1.64	4.44
May 21, 1994 (4WM)	<u>5.11</u>	<u>1.32</u>	<u>0.28</u>	<u>3.71</u>	<u>0.88</u>	<u>1.33</u>	<u>2.62</u>	<u>0.65</u>	<u>5.49</u>
	(0.48)	(0.06)	(0.06)	0.21	0.11	0.49	(0.72)	(0.99)	1.05

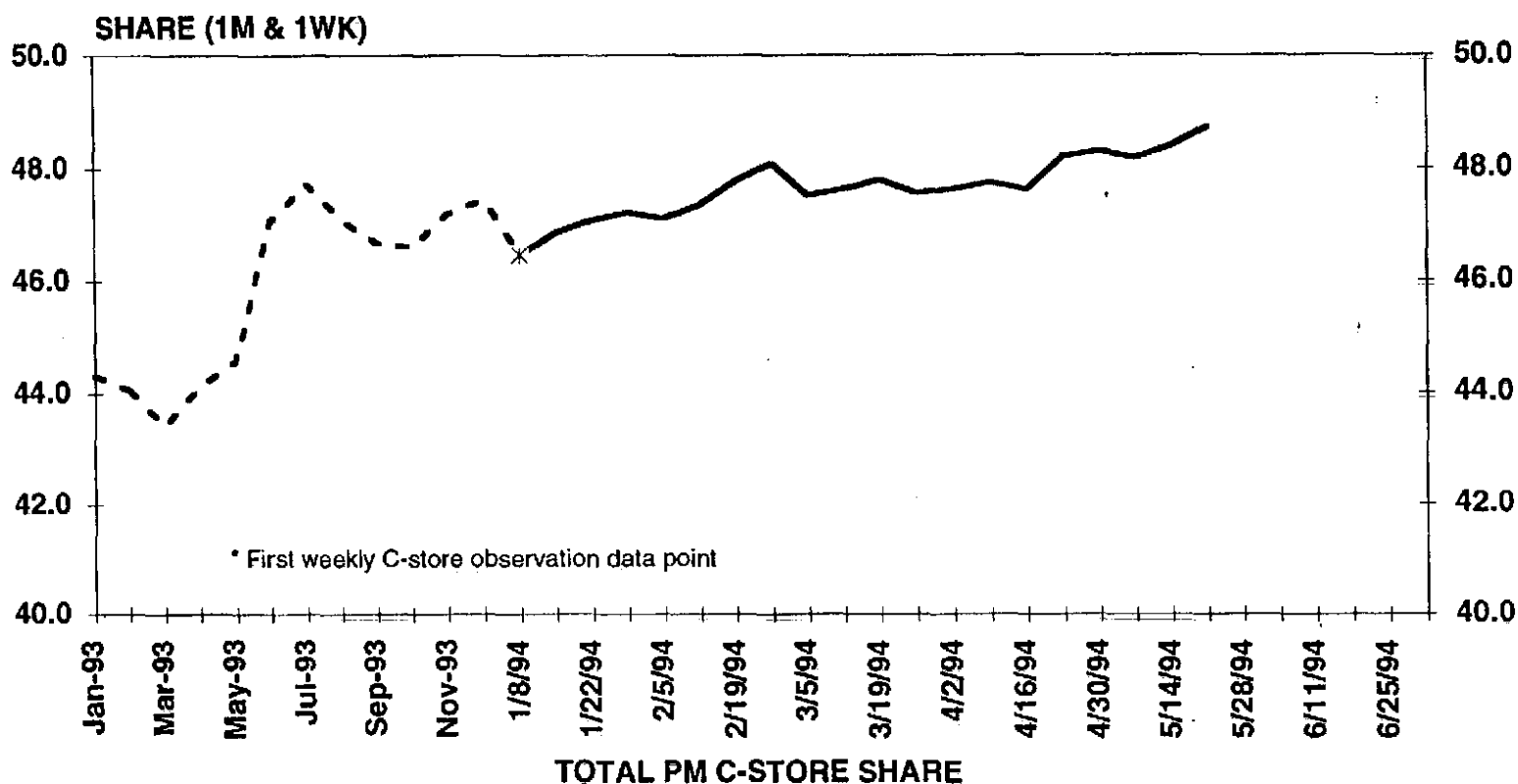
<u>PRIVATE LABEL</u>	<u>PM</u>	<u>RJR</u>	<u>Liggett</u>	<u>American</u>
Base July 1993	3.05	6.32	0.52	0.73
May 21, 1994 (4WM)	<u>2.20</u>	<u>4.69</u>	<u>1.01</u>	<u>0.90</u>
	(0.85)	(1.63)	0.49	0.17

20236555202

Source: Nielsen Integrated Panel.

Note: In the Integrated Nielsen Panel, Premium plus Discount does not equal Total due to the inclusion of miscellaneous promotional volume.

PM'S SHARE ADVANCED +0.3 POINTS VERSUS WEEK-AGO AND +0.5 POINTS OVER THE LATEST TWO WEEK PERIOD TO 48.7%, ITS HIGHEST LEVEL TO DATE.



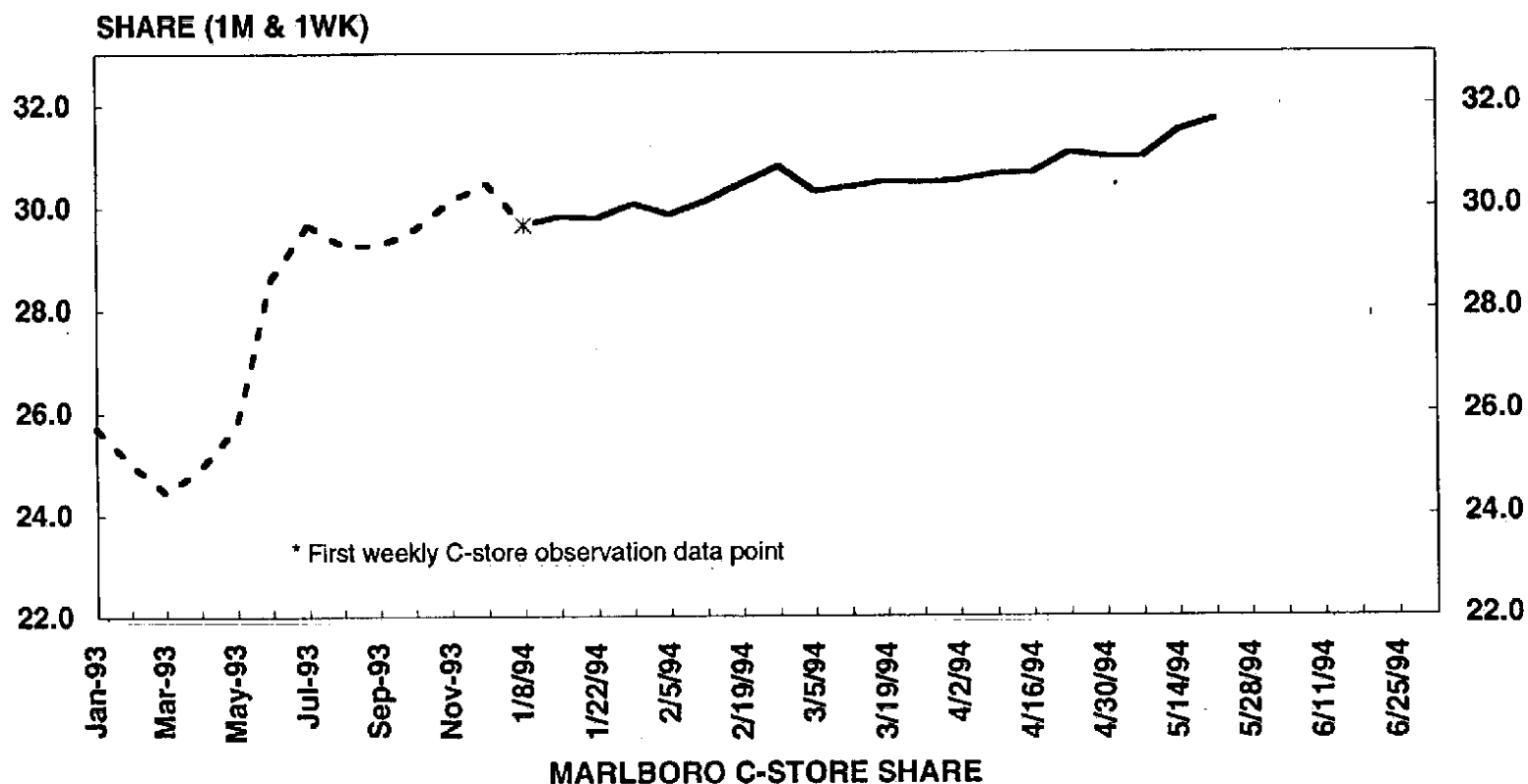
Note: Monthly share data is based on the same 800 store sample as the weekly share information.

2023655858

Source: Integrated Nielsen Panel

Nielsen Cstore weekly 800 Chart 1

MARLBORO'S SHARE WAS 31.7% (A RECORD LEVEL), UP +0.2 POINTS WEEK-TO-WEEK AND +0.7 POINTS OVER THE LATEST TWO WEEKS, COINCIDING WITH INCREASED 5 FOR 4 INCIDENCE.

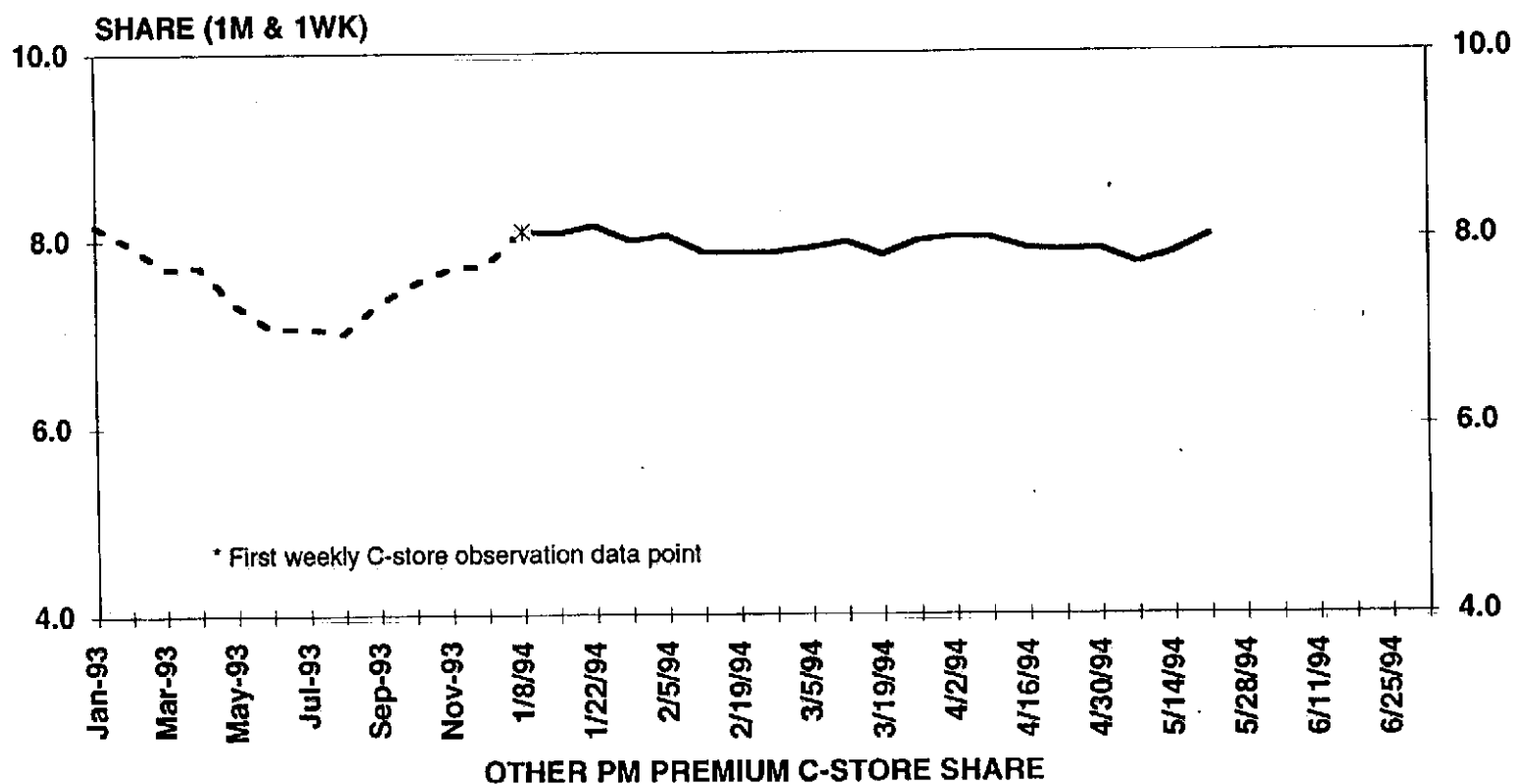


Note: Monthly share data is based on the same 800 store sample as the weekly share information.

2023655855
Source: Integrated Nielsen Panel

Nielsen Cstore weekly 800 Chart 4

PM'S OTHER PREMIUM BRANDS' SHARE WAS UP +0.2 POINTS VERSUS WEEK-AGO TO 8.0%, BUT STABLE ON A FOUR WEEK BASIS AT 7.9%.



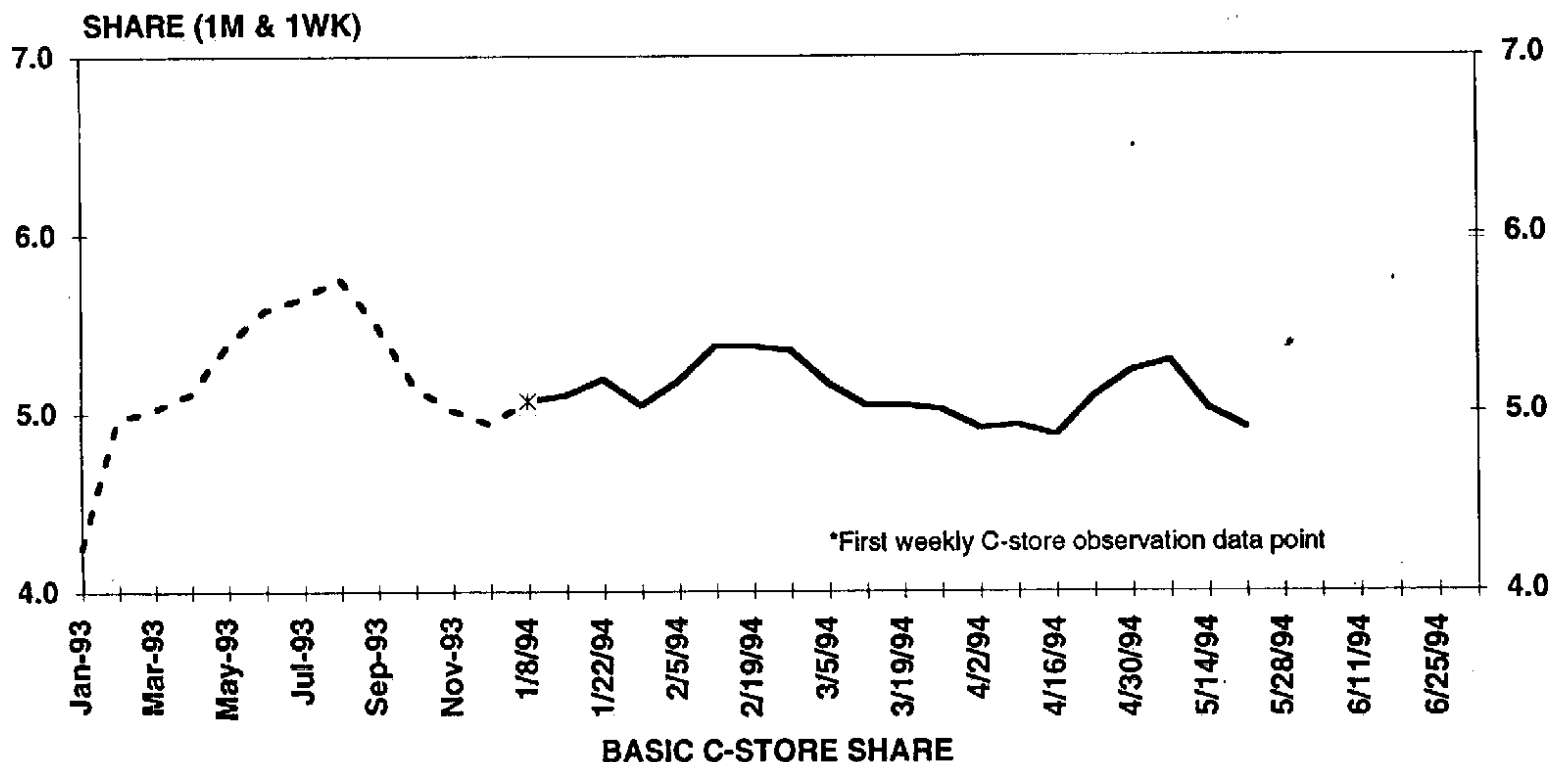
Note: Monthly share data is based on the same 800 store sample as the weekly share information.

0983593202

Source: Integrated Nielsen Panel

Nielsen Cstore weekly 800 Chart 2

BASIC'S SHARE IN C-STORES DECLINED FOR THE SECOND CONSECUTIVE WEEK, DOWN -0.1 POINTS VERSUS WEEK-AGO AND -0.4 POINTS OVER THE LATEST TWO WEEKS TO 4.9%.

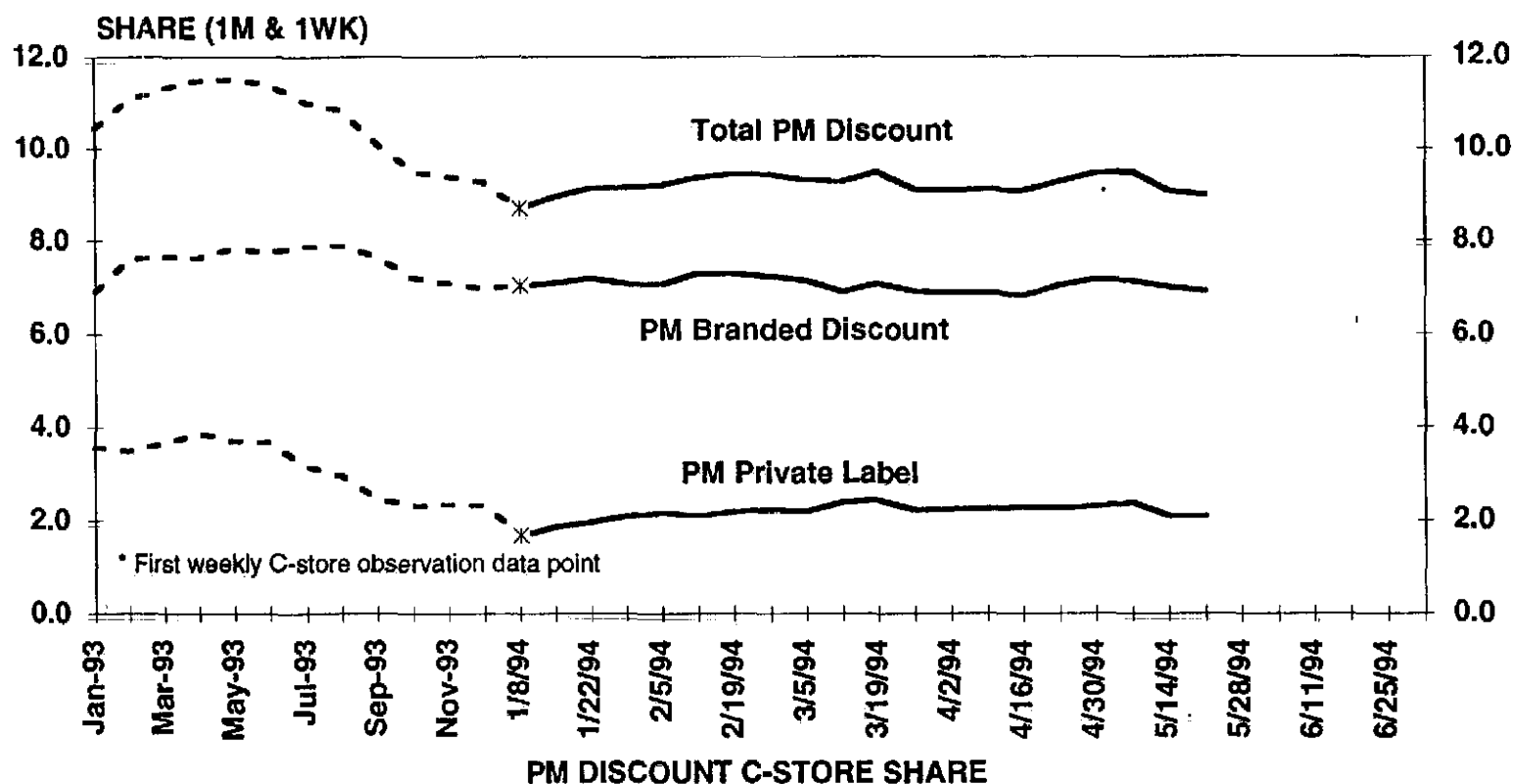


Note: Monthly share data is based on the same 800 store sample as the weekly share information.

1983593202
202365861
Source: Integrated Nielsen Panel

Nielsen Cstore weekly 800 Chart 8

PM'S DISCOUNT BRANDS' SHARE DECLINED -0.1 POINTS VERSUS WEEK-AGO AND -0.5 POINTS OVER THE LATEST TWO WEEK PERIOD TO 9.0% (ITS LOWEST LEVEL SINCE W/E 1/15/94), WITH BASIC ACCOUNTING FOR THE MAJORITY OF THE WEEK-TO-WEEK DECLINE.

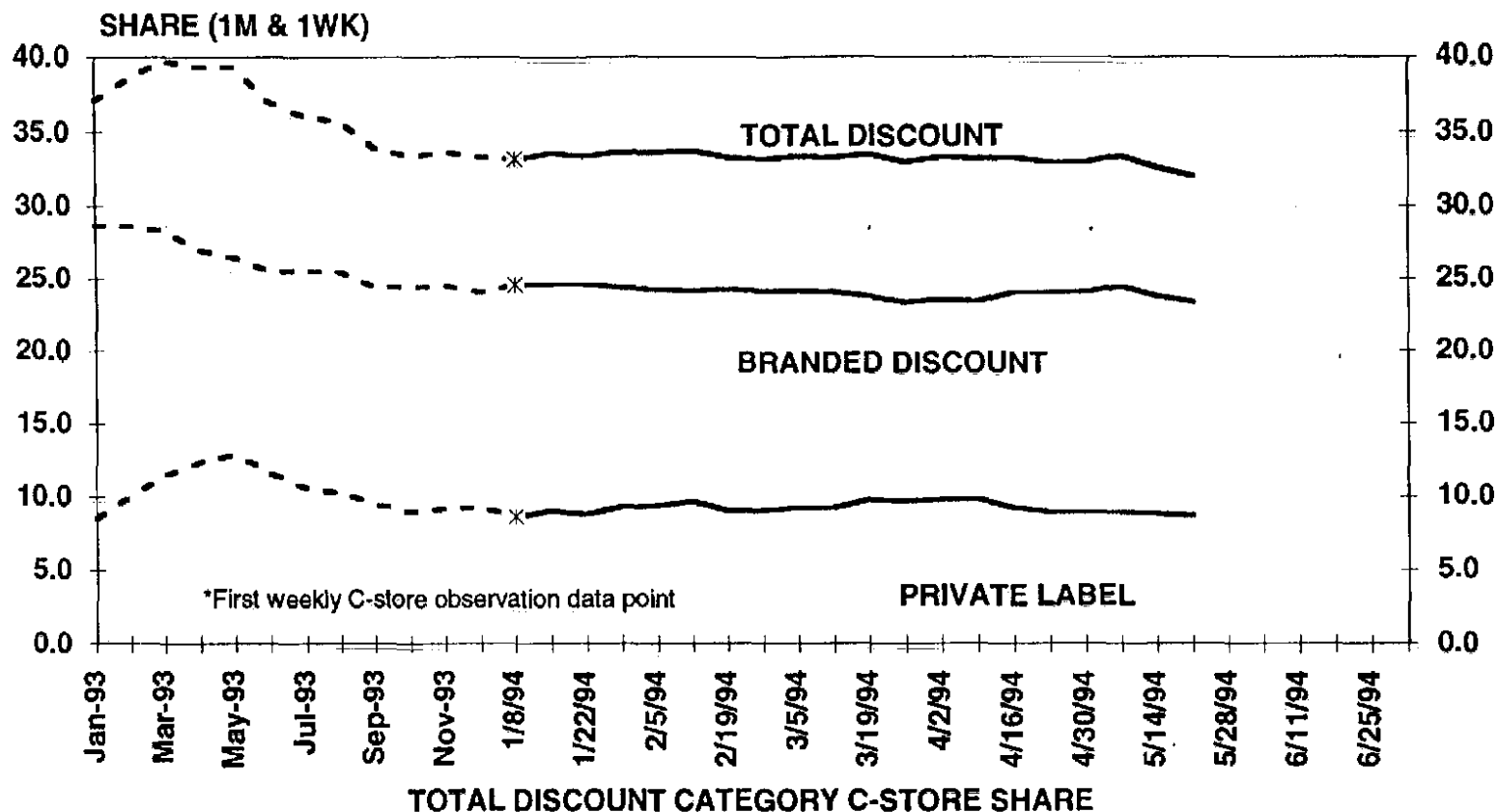


Note: Monthly share data is based on the same 800 store sample as the weekly share information.

2023655862
Source: Integrated Nielsen Panel

Nielsen Cstore weekly 800 Chart 3

THE DISCOUNT CATEGORY'S SHARE DECLINED -0.6 POINTS VERSUS WEEK-AGO AND -1.4 POINTS OVER THE LATEST TWO WEEK PERIOD TO 32.0% (ITS LOWEST LEVEL TO DATE), WITH THE BRANDED DISCOUNT SEGMENT ACCOUNTING FOR THE MAJORITY OF THE LOSS.



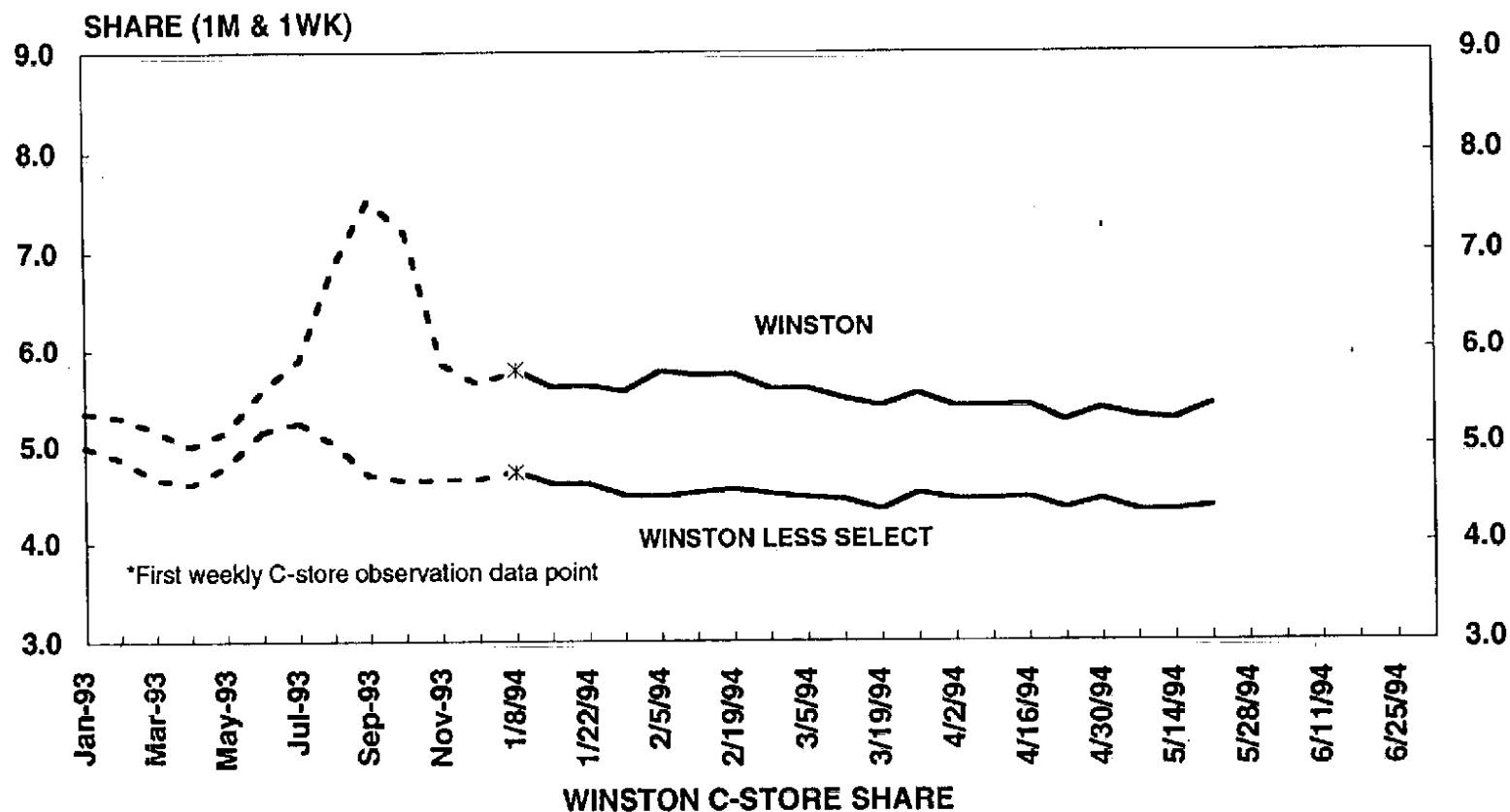
Note: Monthly share data is based on the same 800 store sample as the weekly share information.

202355863

Source: Integrated Nielsen Panel

Nielsen Cstore weekly 800 Chart 6

WINSTON'S SHARE GAINED +0.2 POINTS VERSUS WEEK-AGO TO 5.4%, WITH INCREASED INCIDENCE OF INCENTIVES. ITS FOUR WEEK SHARE WAS STABLE.



Note: Monthly share data is based on the same 800 store sample as the weekly share information.

2023655864

Source: Integrated Nielsen Panel

Nielsen Cstore weekly 800 Chart 12

FREE PRODUCT SHARE GAINED +0.6 POINTS TO 2.2%, DRIVEN PRIMARILY BY INCREASING MARLBORO FREE PRODUCT INCIDENCE LEVELS, UP +10 POINTS WEEK-TO-WEEK TO 28%.

	<u>2/26</u>	<u>3/5</u>	<u>3/12</u>	<u>3/19</u>	<u>3/26</u>	<u>4/2</u>	<u>4/9</u>	<u>4/16</u>	<u>4/23</u>	<u>4/30</u>	<u>5/7</u>	<u>5/14</u>	<u>5/21</u>
Total Industry	1.09	1.07	1.09	1.19	0.96	1.32	1.12	1.07	1.30	1.27	1.56	1.56	2.18
Total RJR	0.67	0.78	0.87	0.76	0.65	1.03	0.74	0.62	0.71	0.57	0.60	0.45	0.48
Total Winston	0.35	0.23	0.24	0.17	0.10	0.06	0.05	0.07	0.05	0.05	0.03	0.03	0.01
Total Camel	0.15	0.18	0.17	0.22	0.23	0.47	0.45	0.41	0.36	0.28	0.29	0.31	0.27
Total Doral	0.16	0.35	0.45	0.35	0.28	0.47	0.22	0.13	0.29	0.24	0.26	0.10	0.10
Monarch	0.01	0.01	0.01	0.02	0.03	0.03	0.02	0.01	0.01	0.00	0.03	0.01	0.09
Total PM	0.24	0.11	0.11	0.29	0.21	0.23	0.28	0.36	0.49	0.53	0.80	0.96	1.53
PM Premium	0.00	0.00	0.03	0.02	0.01	0.01	0.01	0.04	0.04	0.02	0.21	0.59	1.17
PM Discount	0.24	0.11	0.08	0.28	0.20	0.22	0.27	0.32	0.45	0.51	0.59	0.37	0.36
Total Lorillard	0.01	0.01	0.00	0.01	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00
Total B&W	0.07	0.09	0.06	0.07	0.08	0.05	0.07	0.06	0.07	0.10	0.12	0.10	0.11
Total American	0.10	0.08	0.05	0.06	0.03	0.01	0.02	0.03	0.03	0.07	0.04	0.04	0.06

20235598202

SOURCE: NEILSEN WEEKLY C-STORE AUDIT (400 STORES)

Free Prod Chart

2023655866

SMOKER SHARE

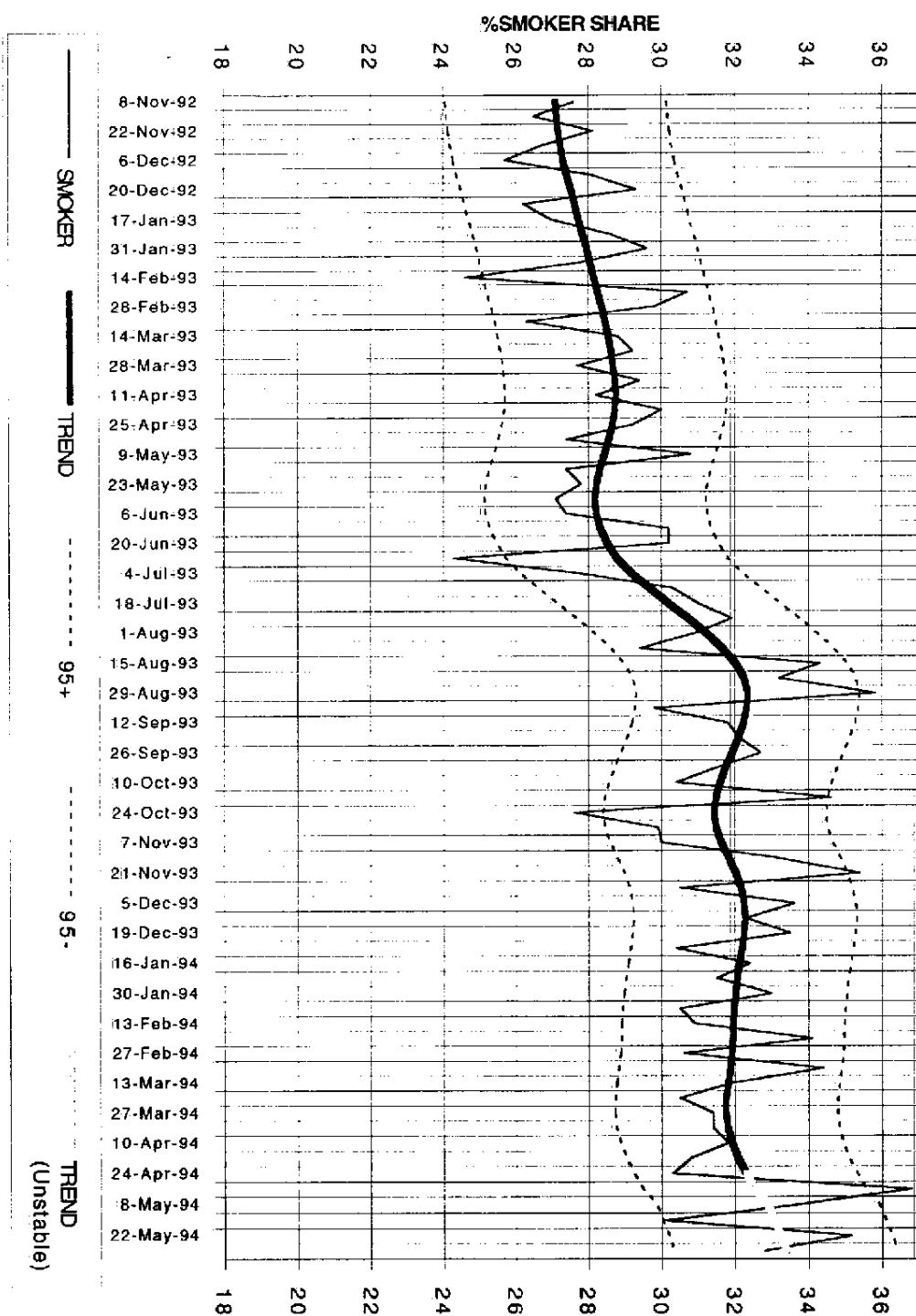


MARLBORO SMOKER SHARE

- Marlboro's smoker and volumetric share trends remain consistent with record Nielsen and shipment performance.
 - Among total franchise and young adult smokers.
- Marlboro continues to enjoy stronger long term interaction with Discount brands than with competitive premium offerings.

2023655867

MARLBORO SMOKER SHARE (AMONG TOTAL SMOKERS)



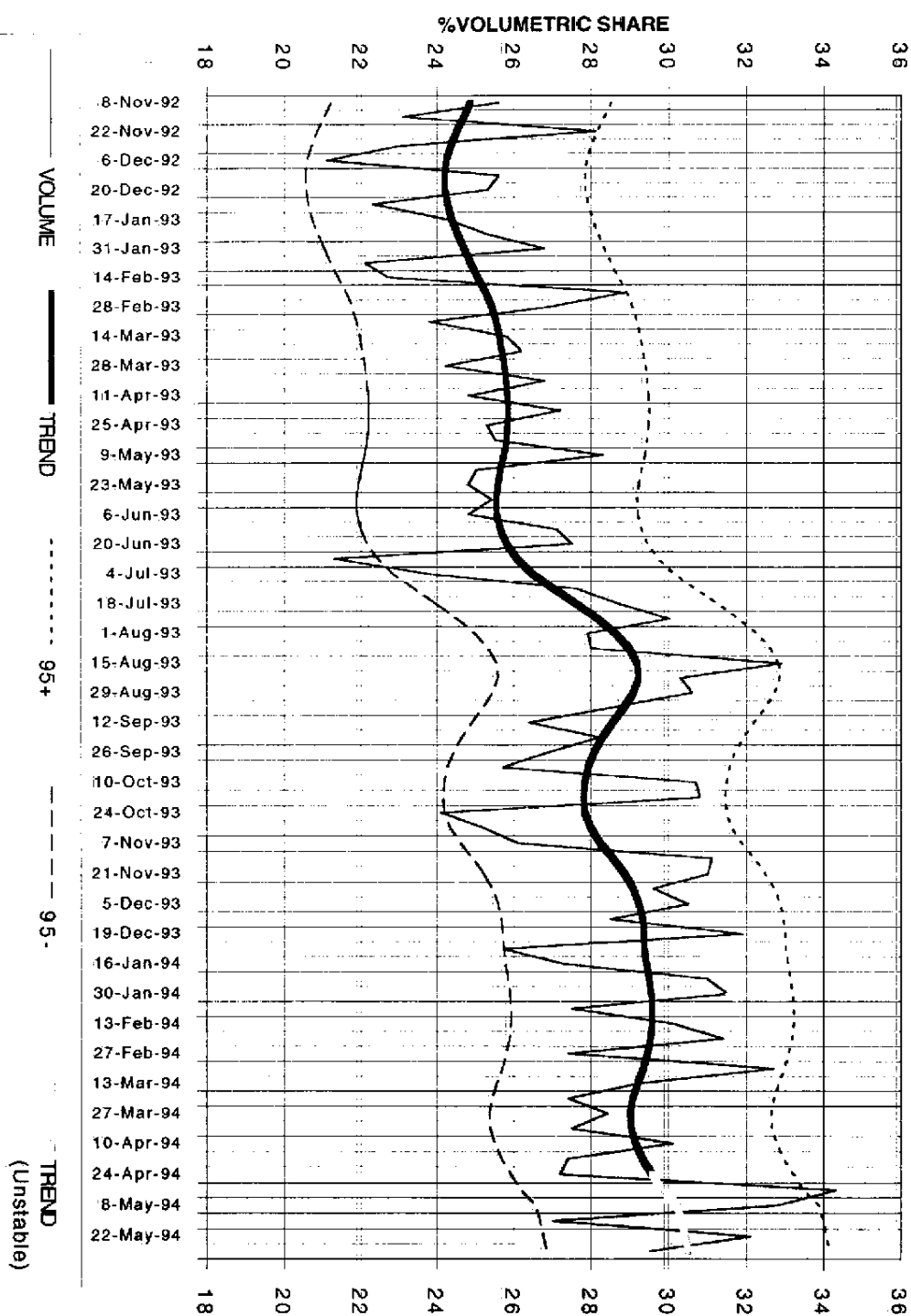
8985593202

SOURCE: SMOKER TRACKING STUDY - WEEKLY

MAY 94 REPRESENTS TOP LINE DATA

W. SMOKER

MARLBORO VOLUMETRIC SHARE (AMONG TOTAL SMOKERS)



6985593202

SOURCE: VOLUMETRICS - WEEKLY

*MAY REPRESENTS TOP LINE DATA

W.VOL.1

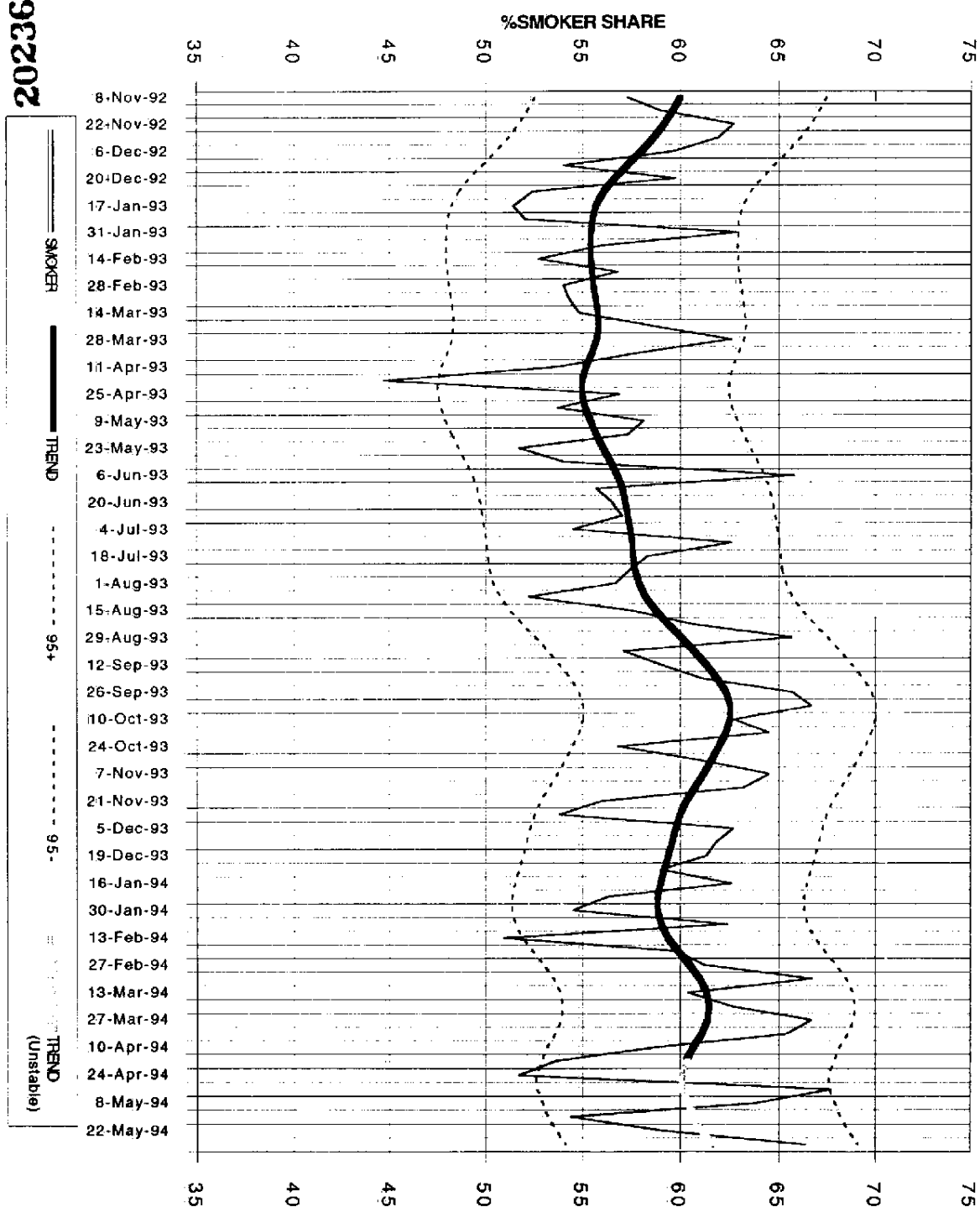
MARLBORO SMOKER SHARE (AMONG 18-24 SMOKERS)

0285593202

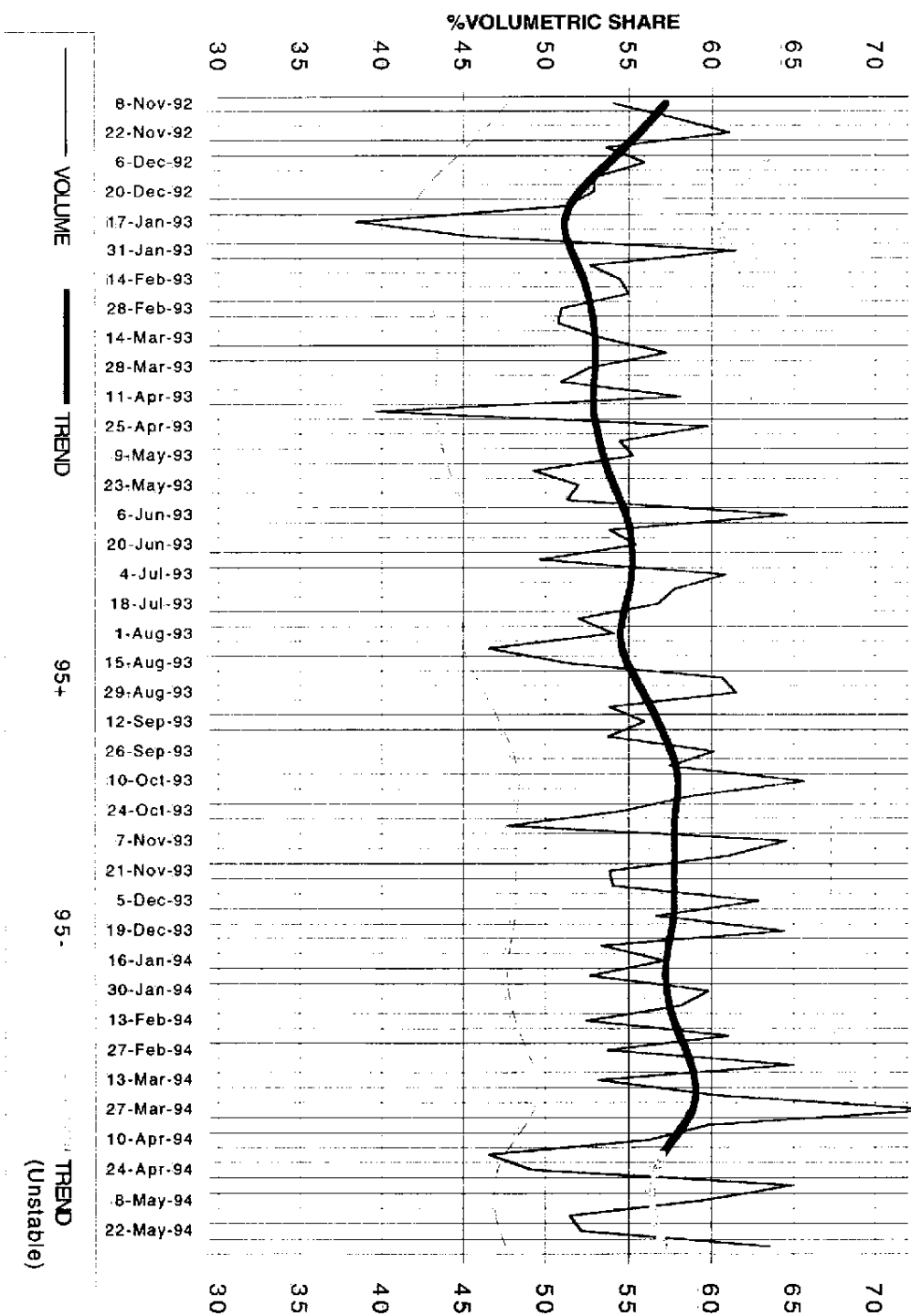
SOURCE: SMOKER TRACKING STUDY - WEEKLY

* MAY '94 REPRESENTS TOP LINE DATA

* W. SMOK. 18-24 S



MARLBORO VOLUMETRIC SHARE (AMONG 18-24 SMOKERS)



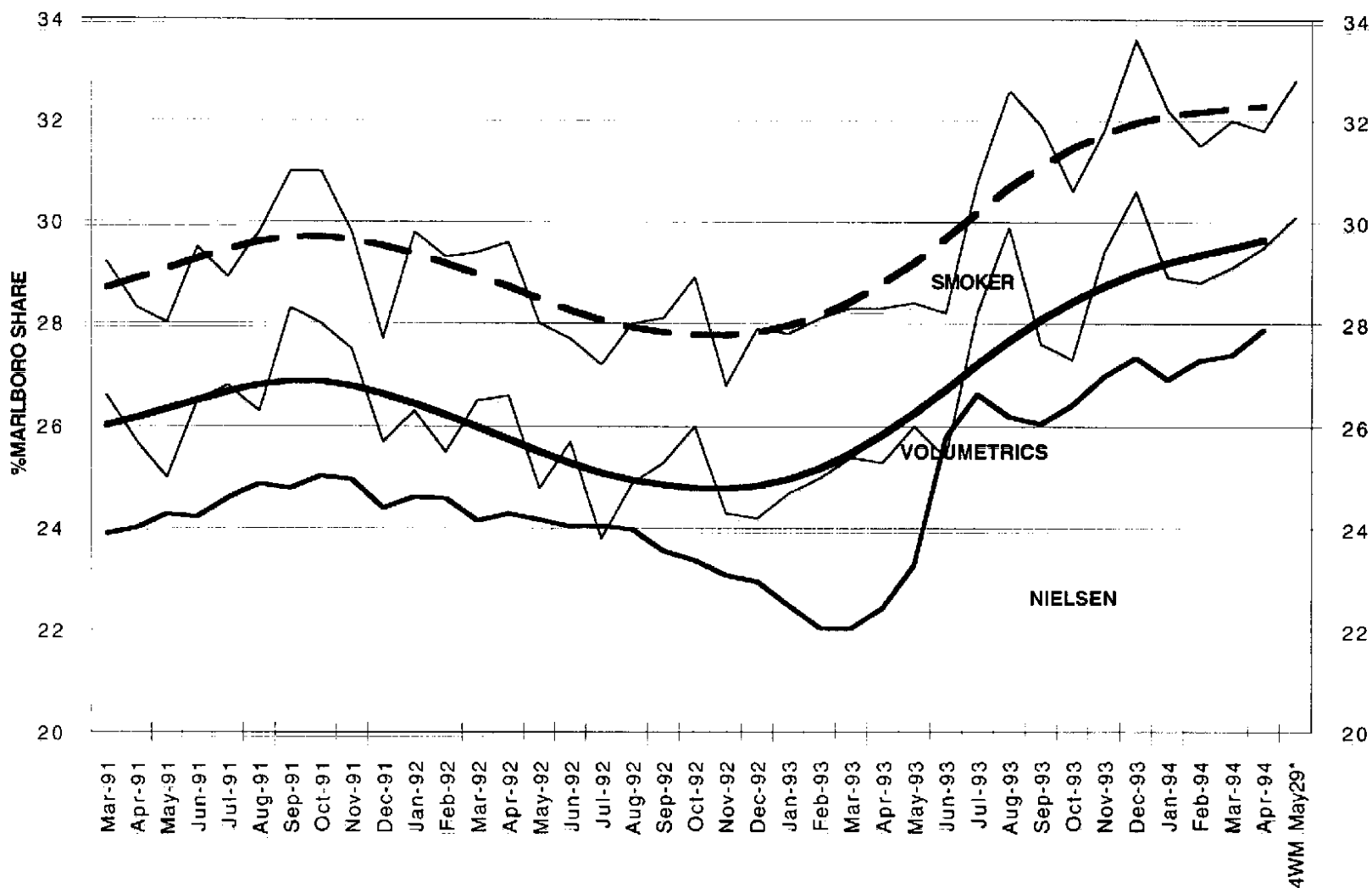
1685593202

SOURCE: VOLUMETRICS - WEEKLY

MAY '94 REPRESENTS TOP LINE DATA

W.VOL.1824.3

MARLBORO SMOKER AND VOLUMETRIC SHARE TRENDS (AMONG TOTAL SMOKERS) CONTINUE TO INCREASE.



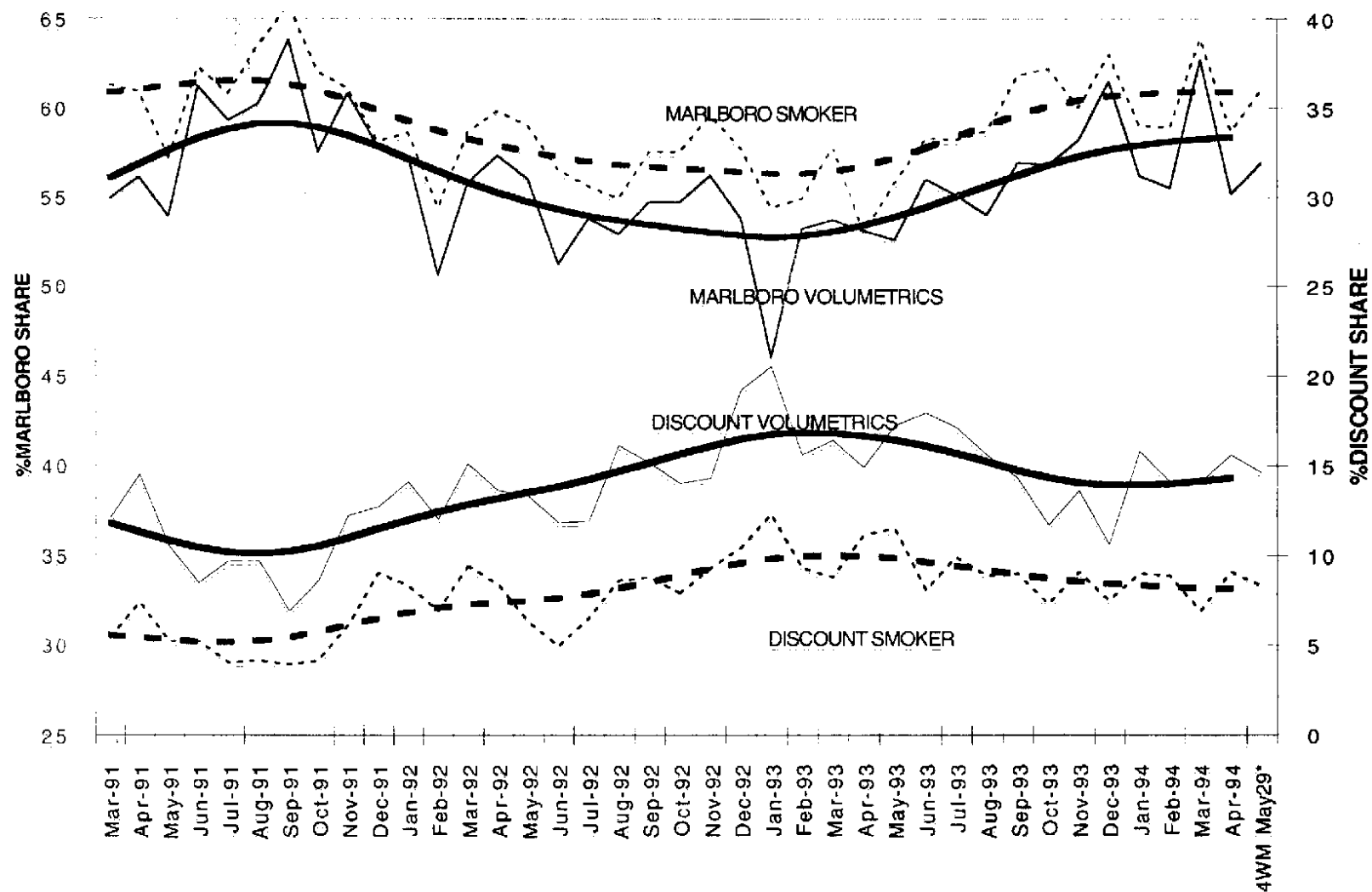
2023655872

SOURCE: CONTINUOUS TRACKING STUDY, NIELSEN -- MONTHLY

WWW.NIELSEN.COM

*MAY94 REPRESENTS TOP LINE DATA

MARLBORO SMOKER AND VOLUMETRIC SHARE TRENDS (AMONG 18-24 SMOKERS) ARE STABLE.



2023655873

SOURCE: CONTINUOUS SMOKER TRACKING STUDY - 1MM

*MAY '94 DATA IS TOP LINE

W.MARLB.1824.7

2023655874

MICHIGAN

MICHIGAN SUMMARY

5/21/94

- Net of pantry loading, both Industry and PM retail volume declined -7%. Marlboro volume change compared to the base period (-5%) was more stable than competitive premium brands. Overall changes in Premium and Discount mix are surprisingly stable.
- Retail volume in supermarkets (-18%) seems more vulnerable than C-stores (-5%), indicating that volume has shifted from Supermarkets to alternative outlets in-state.
- PM share advanced +1 point to 51%, largely driven by Marlboro stability.
- Promotional support from competitive Discount brands coincides with lower volume erosion (-5%) compared to Basic (-9%).
- Latest information (6/3/94), reflects PM shipments are still depressed but moving rapidly towards pre-tax going rate. Excess inventory appears minimal at retail and wholesale.

2023655875

STATE OF MICHIGAN SHARE FOR W/E 5/21/94

	TOTAL OUTLETS			C-STORES			SUPERMARKETS		
	Base Period	Cume Set Inc.	Change	Base Period	Cume Set Inc.	Change	Base Period	Cume Set Inc.	Change
Tot Industry	100%	100%	N/A	100%	100%	N/A	100%	100%	N/A
Premium	61.5	61.5	0.0	63.0	61.7	-1.3	58.7	59.4	0.7
Discount	38.4	38.4	-0.1	37.0	38.2	1.2	41.2	40.4	-0.8
Philip Morris	50.9	51.4	1.1	51.2	52.7	1.5	47.1	49.2	2.1
Premium	29.5	30.6	1.1	32.2	32.6	0.4	25.7	26.7	0.9
Discount	20.8	20.7	-0.1	19.0	20.0	0.9	21.3	22.5	1.2
R.J.Reynolds	26.8	25.7	-1.1	27.6	26.3	-1.3	29.9	28.5	-1.3
B & W	8.0	8.2	0.2	8.4	8.0	-0.5	6.7	6.9	0.2
Lorillard	7.2	7.8	0.3	7.9	8.1	0.2	6.4	6.0	-0.3
Liggett Group	1.4	1.6	0.2	0.6	1.0	0.4	2.2	2.2	0.0
American Brands	6.3	5.5	-0.7	4.2	3.9	-0.3	7.8	7.2	-0.6
Tot Marlboro	21.3	23.1	1.8	24.4	25.5	1.0	16.7	18.2	1.5
Tot Basic	15.0	12.8	-2.1	12.6	13.2	0.7	16.9	18.1	1.2
Tot OPB	7.9	7.4	-0.5	7.5	7.0	-0.5	8.8	8.8	0.1
			0.0			0.0			0.0
Competitive	49.7	48.6	-1.1	48.8	47.3	-1.5	52.9	50.8	-2.1
Premium	32.1	31.6	-0.4	30.8	29.8	-1.0	33.0	32.8	-0.2
Discount	17.6	16.9	-0.7	18.0	17.5	-0.5	19.9	18.1	-1.8

948559E202

Source: Nielsen Integrated Database.
Sample Size: 30 C-Stores, 58 SuperMarkets.
Total includes All Four Outlets.

BASE PERIOD = W/E 3/5/94 thru 3/26/94.

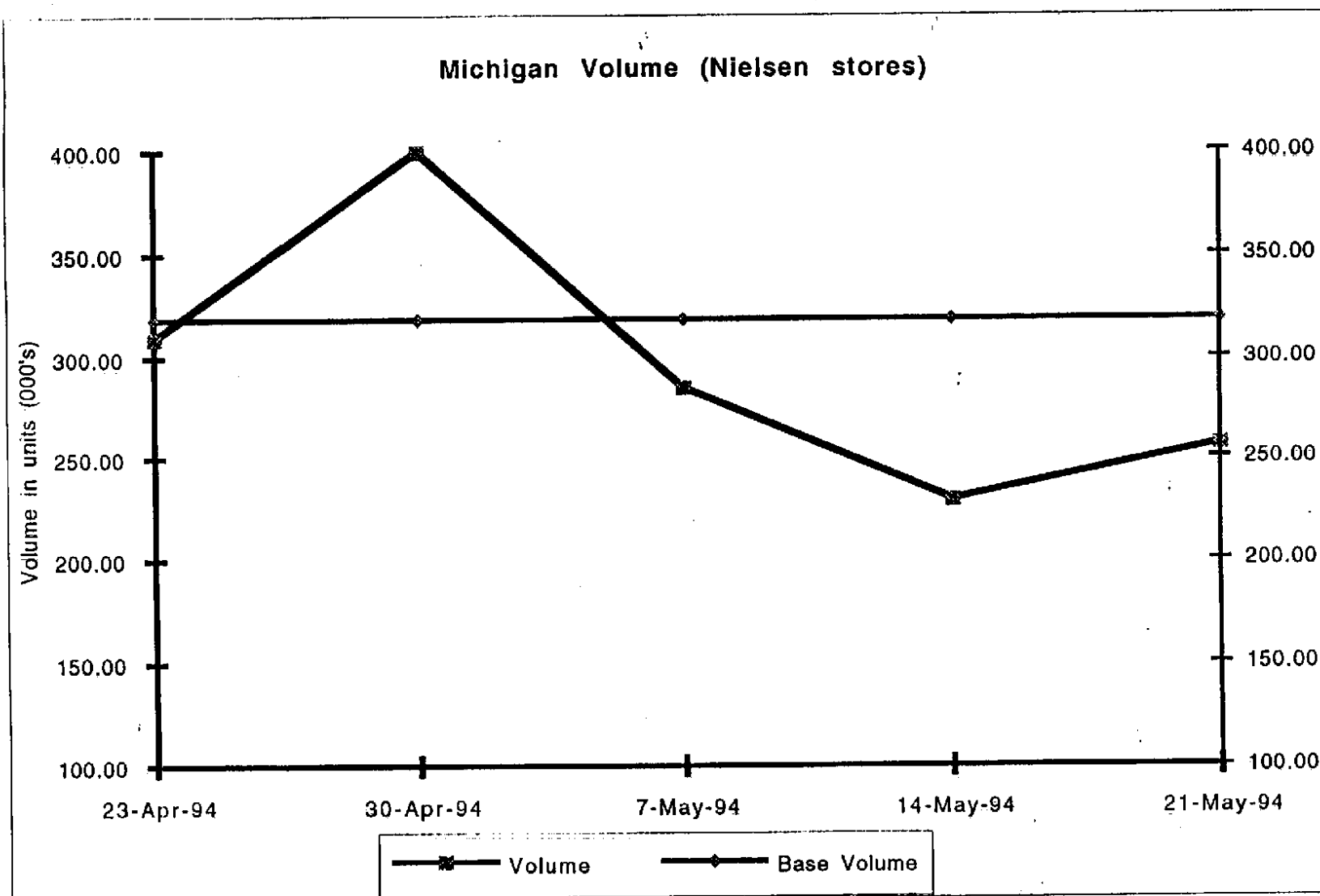
STATE OF MICHIGAN
RETAIL VOLUME
THREE WEEK(through 5/21) % CHANGE VERSUS BASE

	<u>S.E.T.</u>		<u>NET OF</u>
	<u>PRE</u>	<u>POST</u>	<u>PANTRY LOADING</u>
Total Industry	11%	-19%	-7%
C-Stores	3%	-10%	-5%
Supermarkets	12%	-37%	-18%
 Total Premium	11%	-19%	-7%
Total Discount	11%	-20%	-7%
 Philip Morris	10%	-18%	-7%
R.J. Reynolds	12%	-22%	-8%
B&W	9%	-17%	-6%
Lorillard	11%	-16%	-5%
American	27%	-11%	4%
Liggett	15%	-29%	-11%
 PM Premium	12%	-16%	-5%
Marlboro	9%	-13%	-4%
OPB	17%	-24%	-8%
 PM Discount	8%	-20%	-9%
Basic	8%	-20%	-9%
 Competitive			
Premium	11%	-22%	-9%
Discount	15%	-19%	-5%

2285598202

Source: Nielsen Integrated Database (MI)

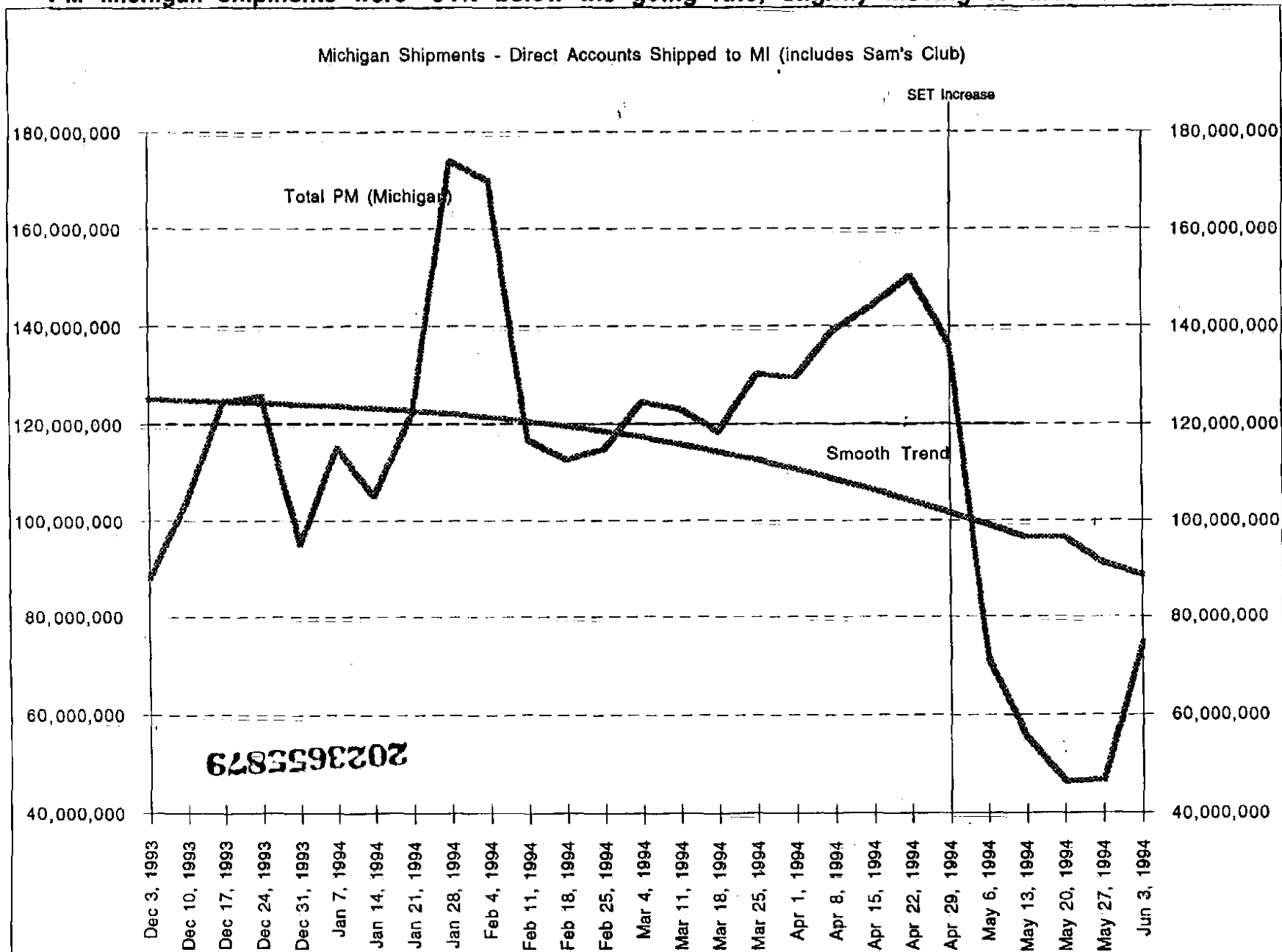
Base Period: W/E 3/5/94 - 3/26/94



2023655878

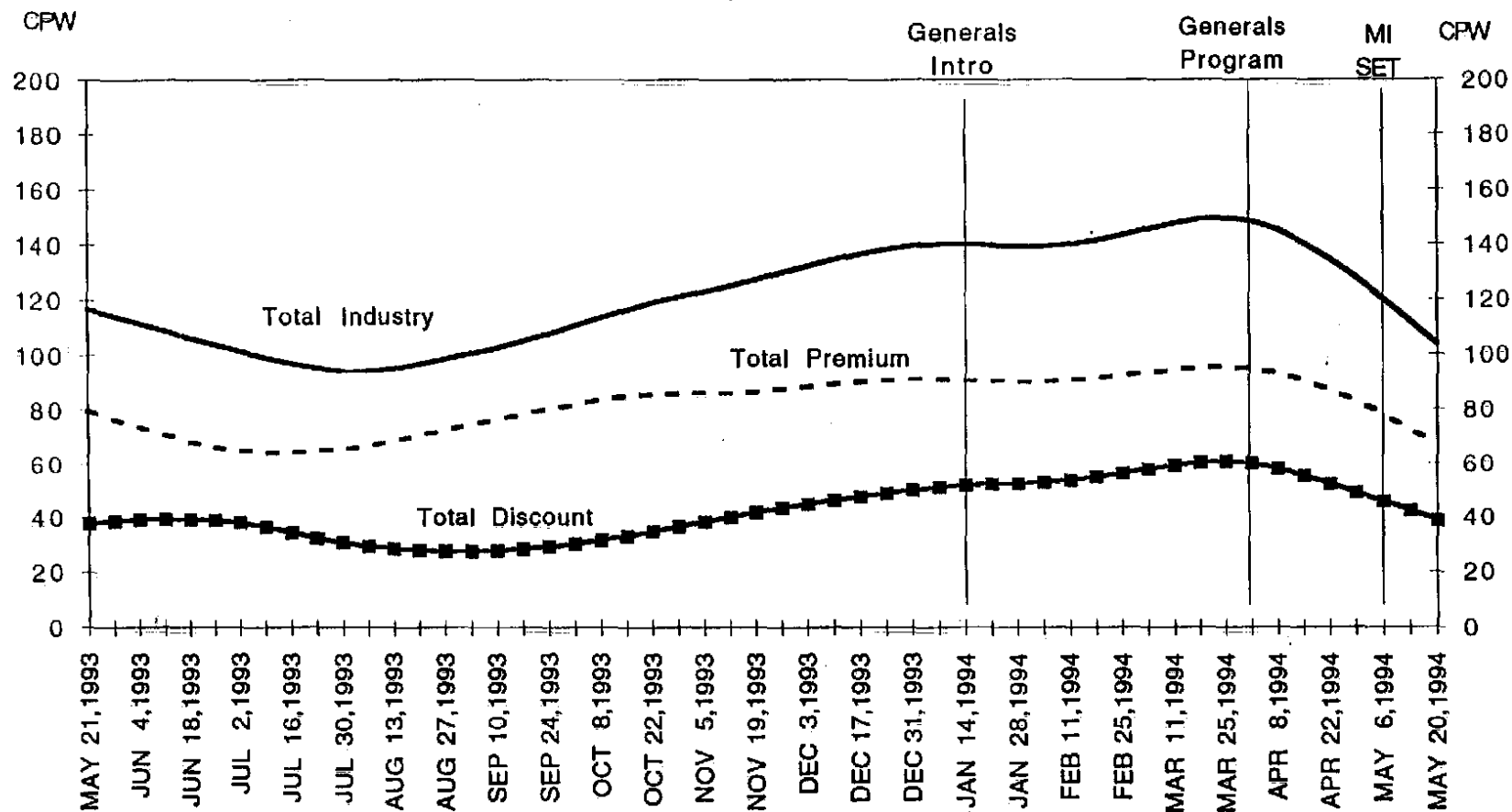
Source: Nielsen Integrated Database

PM Michigan shipments were -34% below the going rate; slightly moving towards normal trend



MINIMAL EXCESSES WERE REPORTED AT DAIRY MART PRIOR TO THE MICHIGAN TAX INCREASE. TOTAL INDUSTRY VOLUME DECLINED 32% IN MAY VS. THE JAN-FEB. BASE PERIOD. TOTAL DISCOUNT SHARE INCREASED 1.5 SHARE POINTS (PRIMARILY GENERALS)

MCLANE SHIPMENTS TO RETAIL - MICHIGAN DAIRY MART CPW PER STORE, SMOOTHED TREND



2023655880

DM S42 PROFILE Chart 2

Premium and Discount pricing in Michigan has stabilized as pass through of the SET increase was completed after one week at retail.

The resulting \$ pack and carton gaps have widened while the percentage gaps have narrowed versus the base period.

C-STORE PACKS

	Base Week					Change	Change
	<u>4/30</u>	<u>5/7</u>	<u>5/14</u>	<u>5/21</u>	<u>5/28</u>	<u>Prior Week</u>	<u>Base Week</u>
Marlboro (net)	\$1.80	\$2.34	\$2.35	\$2.34	\$2.35	\$0.01	\$0.55
Lowest Discount	1.31	1.81	1.80	1.79	1.79	\$0.00	\$0.48
\$ Gap	0.49	0.53	0.55	0.55	0.56	\$0.01	\$0.07
% Gap	37.4%	29.3%	30.6%	30.7%	31.3%	0.6%	-6.1%

Sprmkts, Drug, Mass CARTONS

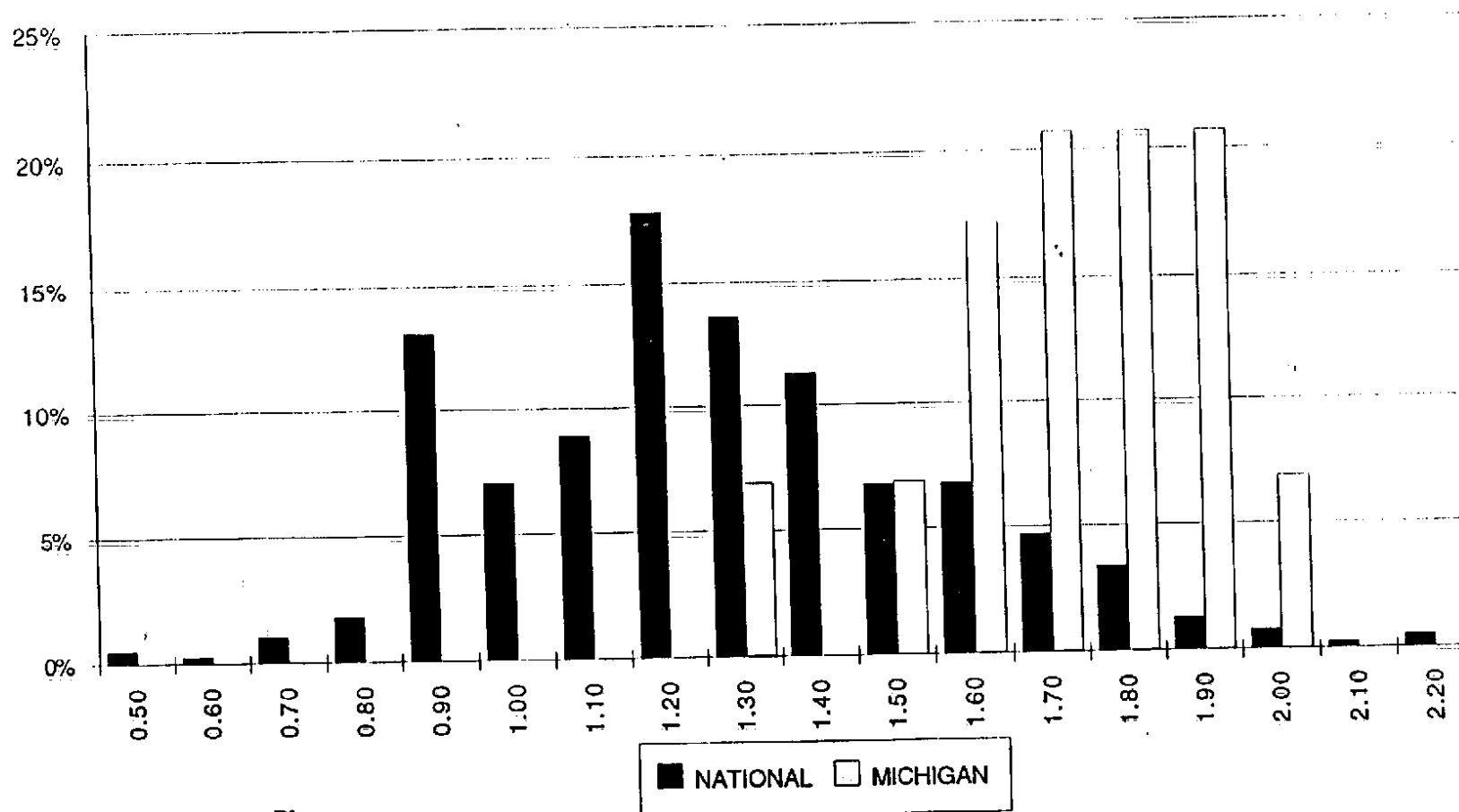
Marlboro (net)	\$15.64	\$20.64	\$20.70	\$20.74	\$20.59	(\$0.15)	\$4.95
Lowest Discount	11.57	16.61	16.55	16.56	16.51	(\$0.05)	\$4.94
\$ Gap	4.07	4.03	4.15	4.18	4.08	(\$0.10)	\$0.01
% Gap	35.2%	24.3%	25.1%	25.2%	24.7%	-0.5%	-10.5%

SOURCE: NIELSEN PRICING AUDIT

1885593202

**THE LOWEST DISCOUNT PRICE IS ABOVE \$1.70 IN 70% OF STORES
IN MICHIGAN COMPARED TO 11% NATIONALLY.**

% STORES



2023655882

SOURCE: NIELSEN PRICING AUDIT

Id >\$2 5/21 NTL VS MI Chart 1

- About 2 in 10 smokers report that they are buying fewer cigarettes as a result of the higher tax.
- Relatively fewer smokers report that they are buying - or intend to buy - cigarettes outside of Michigan, with the highest mentions coming from smokers living in counties bordering other states.
- Few smokers report switching down to lower priced cigarette brands.

	<u>Pre-Tax Period</u>		<u>Post-Tax Period</u>			
	4/4 - 17 %	4/18 - 30 %	w/o 5/2 %	w/o 5/9 %	w/o 5/16 %	w/o 5/23 %
Aware of Tax Increase	93	95	98	98	97	96
Volunteered Mention	71	81	86	84	78	84
Changed Purchasing Behavior Because of Tax Increase?	13	16	31	38	38	39
Stocking up/Buying before May 1	2	4	na	na	na	na
Buying fewer/cutting back	5	7	16	20	22	19
Quitting smoking	2	3	5	6	6	7
Buying in another state	1	1	1	3	2	2
<i>Interior Michigan</i>	-	1	-	1	-	-
<i>Exterior Michigan</i>	1	-	2	6	5	6
Buying lower priced brands	1	1	2	3	2	5
Plan to Change Purchasing Behavior Because of Tax Increase?	53	55	51	49	43	48
Will quit smoking	31	27	29	35	30	34
Will buy fewer cigarettes	15	21	21	10	14	6
Will go to another state to buy	3	3	2	3	2	3
<i>Interior Michigan</i>	1	2	2	2	1	4
<i>Exterior Michigan</i>	5	3	2	4	4	1
Will buy lower priced brands	3	2	2	2	1	1

2023655883